





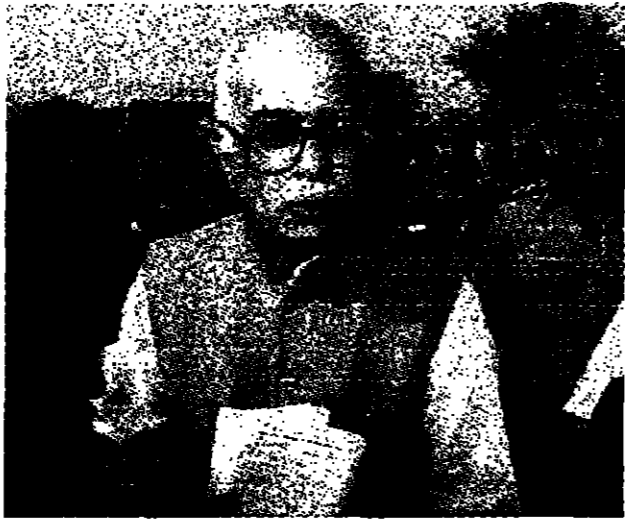


NEWS: ASIA-PACIFIC

# Indian parties await bribes probe fallout

Mark Nicholson considers the possible impact of the corruption scandal on general elections in April

Corruption was always going to be a hot issue in India's impending elections. Opposition parties have whipped up scandals in the last year over alleged rigging of telecom privatisation, unproven charges of bribery in the original \$2.8bn (£1.8bn) Enron power deal and, after the wife of a Congress party youth leader was found dead in a tandoor oven, accused the governing party of "criminalising politics".



Advani: resigned and claiming the moral high ground

But on Tuesday the issue exploded. After a four-year inquiry, the Central Bureau of Investigation has charged seven top politicians, including Mr L K Advani, leader of the opposition Bharatiya Janata party, and is seeking prosecution of three present ministers - one of whom resigned yesterday - for allegedly taking bribes from a Mr Surendra Jain, a Delhi-based steel and power businessman.

The cases derive largely from the contents of notebooks and diaries found by police at the home of Mr Jain, managing director of Bhalai Engineering Corporation, which contained a list of names and initials and apparent payments totalling more than Rs900m (£11m).

The bureau says that Mr Jain, who was arrested on corruption charges last year after investigations into black market currency dealings began in

1992, had admitted these were payments to politicians and bureaucrats to further his business interests. Mr Jain has since released been on bail. It is the broadest corruption case the bureau has undertaken and by far the gravest under the Congress party administration of Mr P V Narasimha Rao, prime minister. But it is not yet clear how damaging this explosive scandal will prove to Mr Rao or the electoral chances of Congress. In the first reactions of the Indian media and politicians yesterday, many pundits even

detected Mr Rao's calculating hand in the timing of the charges, just three months away from a general election. "All the parties have been making corruption a political issue and Rao has been able to steal a march on them," says Mr Nikhil Chakravarty, a political columnist. "He has brought it up at the right time in a neat way."

The charges certainly offer Mr Rao some political gifts. One is the inclusion of Mr Advani among the accused, apparently tarring the BJP with the very charges of "corruption in high places" the Hindu nationalist party has been making central to its anti-Congress drive. And, with three ministers facing indictment, Mr Rao could claim that he has allowed not only sweeping action against corruption, but for it also to reach the heart of his own government.

But there are risks for Congress. All the accused swiftly proclaimed their innocence on hearing of the charges, but Mr Advani also instantly resigned, saying he would not stand for election until his name was cleared. While Mr Balram Jakhar, quit his job as agriculture minister yesterday, Mr Advani's claim to the moral high ground could win him political points should the other two accused Congress ministers, Mr Madhav Rao Scindia and Mr V C Shukla, stay put.

Furthermore, the potential arrangement of three ambitious ministers could further fracture the governing party, which saw Mr Arjun Singh, a former minister, lead a break-away group last year. Mr Singh, whose splinter group has spluttered politically since, is also among the accused and might hope to become a rallying point for disaffected Congress MPs. "We are going to see tremendous political turmoil in the next few weeks," says Mr Rajiv

Shukla, editor of the Sunday Observer, "and a lot of political regroupings." The scandal could entangle yet more Congress politicians. A total of 67 public servants, 32 of them elected politicians, are facing charges or are under investigation following the interrogation of Mr Jain, who the bureau says has admitted to making at least 115 illicit payments, apparently to further his business interests, in 1989-91. "Other charges will follow," said a bureau official.

Others may hope that they do, and, for the first time in post-independence India that such widespread allegations of serious corruption, if they are proven, might actually result in prosecution and conviction. Public cynicism over corruption investigations has been marked since the late 1980s scandal over alleged kickbacks paid to senior politicians in the purchase of Bofors guns from Sweden. No heads have rolled and the inquiry is ostensibly still in progress.

The prevalence of corruption within the Indian political system is in no doubt. Last August the government released extracts from a 1988 report into links between criminals and government following bomb blasts in Bombay. The reporting committee, headed by Mr N N Vohra, home secretary at the time,

concluded shockingly that "the network of the mafia is virtually running a parallel government, pushing the state apparatus into irrelevance" and that "crime syndicates" had "successfully corrupted the government machinery at all levels". Some analysts hope the present scandal could prove a watershed in attacking such deeply rooted corruption. They have been encouraged notably by the fact that the present inquiry has been spurred by India's supreme court.

# China threatens flow of business information

A move by China to reassert the monopoly of Xinhua, the official news agency, over the flow of news and business information entering the country is being widely interpreted as a grab for cash by the agency.

"This is mainly about Xinhua making money, and they are trying to do so by enforcing a monopoly over the dissemination of economic information," said the representative in Beijing of an international wire service.

China's State Council, or cabinet, announced on Tuesday that Xinhua would be solely responsible for the distribution of economic news provided by western agencies and would also ensure that such information was not a threat to the "national interest". Mr James McGregor, chief representative in Beijing of Dow Jones and Co

and chairman of the American Chamber of Commerce, described the move as "bad for China" because it risked jeopardising access by local subscribers to fast and accurate information. Mr McGregor also said attempts to assert greater control over business information flows undermined China's attempts to join the World Trade Organisation. "Having the state monopolise yet another service organisation is certainly not in the spirit of the WTO," he said.

Representatives of international news agencies are awaiting details of how Xinhua plans to enforce control. Xinhua is drafting new regulations to give effect to the State Council edict. But the representatives warned that attempts to censor or tamper with financial news would destroy its

value. "There is no way you can route this through Xinhua censors and maintain timeliness," said one. "You can't censor a global service." He also noted that Chinese financial institutions, which were increasingly involved in world markets, needed "real time" business information. China's foreign exchange reserves stand at \$70bn (£45bn) and its two-way trade was worth about \$280bn in 1995.

Chinese officials defended the announcement, saying it would not mean censoring or a slowdown in real-time news. But Reuters quoted an official as saying that foreign information vendors would have to sign agreements with Xinhua. Xinhua, an organ of the Communist party central committee and one of China's main propaganda vehicles,

enjoyed a monopoly over the distribution of western news agency material until the 1980s. But this stranglehold has been weakened by technological advances, including satellite communications, and by an explosion in demand for business information. Reuters, which is the biggest provider in China of financial news, delivers its services direct to clients like the Bank of China and Ministry of Foreign Trade and Economic Co-operation by satellite or land-line, bypassing the state agency. Xinhua is understood to have fought an 18-month campaign to persuade China's political leaders to allow it to re-establish its monopoly. It is expected to use the new rules to force western agencies into sharing proceeds from their arrangements

NEWS: INTERNATIONAL

## Iraq to open oil sale talks with UN

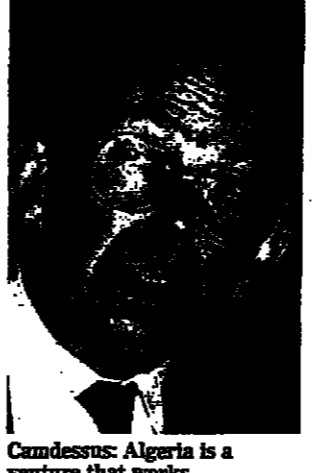
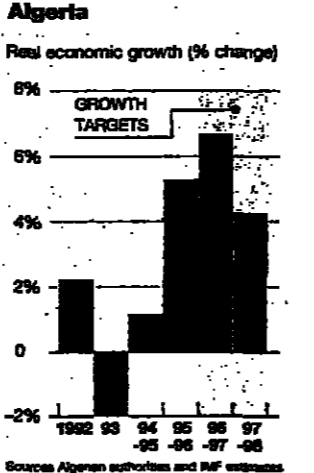
Iraq has agreed to open talks with the United Nations on the possible sale of up to \$2bn (£1.3bn) worth of oil, but officials in New York seemed sceptical last night about Baghdad's real intentions.

The Iraq decision was conveyed formally to Mr Boutros Boutros Ghali, UN secretary general, in a short letter. The move coincides with the fifth anniversary of the start of full-scale hostilities in the Gulf War. Some diplomats said the decision to hold talks, which may be conducted by Mr Tariq Aziz, Iraq's deputy premier, could be linked to proposals in the Security Council for a mission to Baghdad to study the effects of economic sanctions on the civilian population. It was partly to relieve the plight of civilians that the Council agreed last April to allow a limited Iraq oil sale. Baghdad rejected the conditions, including strict UN controls, as violating its sovereignty.

## IMF chief praises Algerian reforms

Camdessus says controversial credit facility is helping move to market economy

Mr Michel Camdessus, managing director of the International Monetary Fund, yesterday lavished praise on Algeria's economic performance. On a trip to Algeria, Mr Camdessus, a strong supporter of the controversial IMF programme in the country, told Algerians he had the "privilege" to be associated with a venture that works.



Camdessus: Algeria is a venture that works

in a positive light. In any case, the continued drawing of credit by Algeria is based not on these macro-economic results but on a set of seven performance criteria. In its review, the Fund found that, at the end of September, Algeria had met five of these criteria. Because it deemed that missing two criteria was due to temporary and external factors, the IMF staff recommended continuing the programme.

The Algerian government implemented all structural changes agreed with the IMF, exceeding them in some cases, such as in the lifting of subsidies. On what the Fund says is the most important criteria, the budget deficit, the IMF official said Algeria was running a deficit of 1.2 per cent of gross domestic product, against a projection for 1995-1996 of 1.3 per cent.

## INTERNATIONAL NEWS DIGEST

### Arafat fears poll disruption

Mr Yassir Arafat, leader of the Palestine Liberation Organisation, said yesterday he had telephoned Israeli prime minister Shimon Peres amid fears that Jewish extremists might disrupt voting by Palestinians in east Jerusalem. Mr Arafat said Mr Peres had said he would do his best to facilitate the issue.

### Ethiopian debt written off

Creditors have agreed to write off up to \$250m (£162m) of Ethiopia's \$270m commercial bank debt. The World Bank said Mr James Adams, head of the East African department, said talks were under way to write off the remaining \$20m within two weeks. Ethiopia, one of Africa's poorest countries with a per capita income of less than \$100 a year, received the debt elimination deal under the bank's Commercial Debt Reduction Programme, Mr Adams said.

### Mubarak plea on investment

Egyptian President Hosni Mubarak has appointed eight new governors in key provinces and urged them to remove all obstacles hindering investment and the setting up of small businesses, Egyptian newspapers said yesterday.

### Muzorewa to challenge Mugabe

Zimbabwe's first black prime minister said yesterday he would challenge Robert Mugabe, president for 15 years, in elections in March. Bishop Abel Muzorewa, 71, who heads the small United Parties opposition group, said he was running to combat official graft, economic mismanagement and a climate of political oppression created by Mr Mugabe's ruling party.

## South African TV dispute worsens

South Africa's Independent Broadcasting Authority has warned the South African Broadcasting Corporation that it may close its three television channels if it proceeds with plans to increase programming in African languages.

Advertisers were astonished by the authority's 11th hour response to the proposed revamp, due to begin on February 4, of public service television. "The changes had been viewed as a fait accompli."

Advertisers were astonished by the authority's 11th hour response to the proposed revamp, due to begin on February 4, of public service television. "The changes had been viewed as a fait accompli."

government, but have been retained pending the outcome of the authority's public inquiry into the future of public service broadcasting. They stipulate that programming should be "predominantly English and Afrikaans" on the broadcaster's single nationwide terrestrial network, and "predominantly English" on its two subsidiary networks.

programming would be reduced from 35 per cent of airtime on each of two television channels, to about 14.5 per cent of airtime on a single channel. Mr Ken Modise, SABC spokesman, said the broadcaster would modify the new schedules to comply with existing licences, while introducing "new programming which better reflects the diversity of cultures and languages within our country".

سكانه الاصل

# Swiss and US companies lead Russian investment league

By Frances Williams in Geneva

Swiss and US companies are now the leading investors in Russia, accounting for half of foreign direct investment, according to the United Nations Economic Commission for Europe.

Russia's stock of foreign direct investment (FDI) jumped by a quarter in 1994 to just over \$3bn and rose further to \$3.3bn at the end of June 1995, the ECE notes. About 50 per cent is in mining and manufacturing industries, notably in energy and engineering.

However, Russia remains a less attractive location for FDI than some of Moscow's former

satellites, now in the vanguard of the transition to market economies.

Hungary has attracted three times as much FDI as Russia while Poland and the Czech Republic also have higher FDI stocks.

Based on data for committed capital in Russia (\$3.7bn at the end of June 1995) Swiss companies topped the investor rankings in 1994 with 29 per cent of the total, followed by US companies with 21 per cent.

The European Union, which accounted for nearly half Russian direct investment at the end of 1993, had only a 20 per cent share a year later. Singapore (7 per cent) and China (6

per cent), with substantial investments in Russia's Far East, beat Germany (5 per cent) into fifth place.

US involvement in Russia has been most marked in the oil and gas exploration sector - but Swiss interest appears to be extremely varied. Reported deals over the past year have included investments ranging from steel-making to shopping centres and from computers to potato crops.

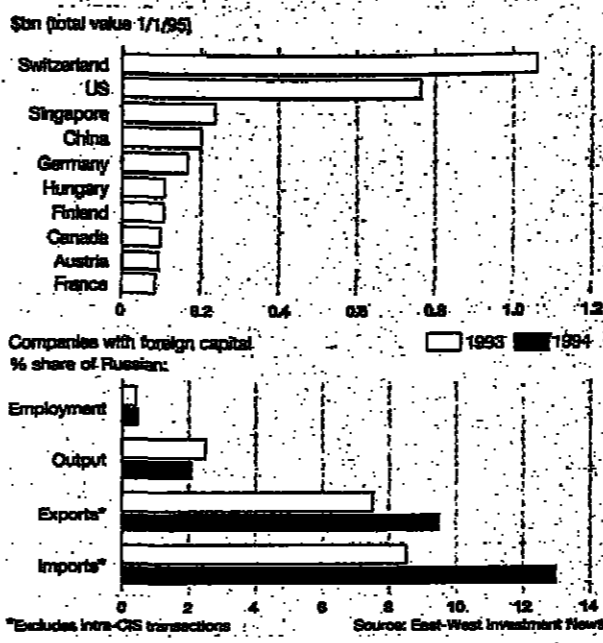
The ECE notes that companies with foreign capital boosted payrolls five-fold between 1990 and 1994 at a time when total Russian employment shrank by 8 per cent, and paid their workers 50

per cent more than the average. Though "foreign investment enterprises" still account for only 0.5 per cent of overall employment, they contribute more than 2 per cent of total output and a much higher proportion of foreign trade.

In 1994 they accounted for nearly 10 per cent of Russian exports and 13 per cent of imports (excluding trade within the Commonwealth of Independent States), generating a trade surplus of more than \$1bn.

*East-West Investment News, Winter 1995. UN Sales Section, Palais des Nations, CH-1211 Geneva 10, fax +41 22 917 0084, \$30 a year for four issues.*

Foreign investment in Russia



# Britain eyes Cuban deals

By Pascal Fletcher in Havana

The Commonwealth Development Corporation, the British government's development finance institution, plans to open an office in Cuba and is identifying investment opportunities which could include the electricity sector, financial services, industry and agriculture.

The UK body had \$510m of investments and commitments in the Caribbean and Central America and so its entry into Cuba was a "natural extension", according to Mr Roy Reynolds, CDC chief executive.

The British government has acted to intensify trade and investment relations with Cuba despite a US economic embargo against the communist-ruled island. British-Cuban relations have been boosted over the last 18 months by a series of high-level visits and an investment promotion and protection agreement. British companies are active in sugar harvest financing, agrochemicals, cigarette manufacturing, investment and oil exploration in Cuba.

Mr Reynolds said CDC operations in Cuba could act as a model and catalyst for future British and other investment

on the island. The CDC, which operates in more than 50 countries, will hold talks with Cuban government officials over the next six months to identify sectors in which specific, detailed investment proposals could be drawn up.

Mr Reynolds said that he saw the electricity sector, financial services, agriculture and industry as promising target sectors. The Cuban authorities had proposed other investment areas, one of them being tourism.

The CDC works with the private sector and only supports commercial projects. Cuba has increasingly opened its economy to foreign investment but the government is still cautious about allowing more private enterprise on a national level, preferring to keep a dominant role for the state.

The US embargo and stalled debt negotiations have blocked Cuba's access to fresh medium- and long-term overseas credits. The Cuban government is seeking foreign development financing to help haul the economy out of the severe recession caused by the collapse of past trade and aid ties with the former Soviet bloc.

# EBRD backing for \$34m Warsaw office development

By Andrew Taylor, Construction Correspondent

The European Bank for Reconstruction and Development and Generale Bank of Belgium are providing \$34m to develop a Warsaw office block to help alleviate the acute shortage of commercial space in the Polish capital.

It is the second large office

development in the city to be financed by the EBRD.

The latest development, the Sienna Centre, is to be built by two Belgian property companies NV Buielens and Compagnie Immobilière de Belgique, and is expected to cost \$34m.

The building will provide 26,000 sq metres of space and is due to be completed in 1997.

The space is needed by domestic and foreign companies which have found it difficult and expensive to acquire suitable business premises.

EBRD also arranged \$24m finance for the \$36m Atrium Business Centre completed last year by Stanska, Sweden's biggest construction group. The building is fully let at the current top rent of \$45 a square

metre a month in the central area.

A recent study by Jones Lang Wootton, international property consultants, found Warsaw the fourth most expensive European office location behind London, Moscow and Paris.

Mr Marc Mogul, EBRD property and tourism director, said: "Private sector development in

Poland is accelerating and Warsaw is increasingly seen not just as the country's business capital, but also as an important regional centre."

The bank estimates that unsatisfied demand for modern office space in the central district is running at 60,000 sq metres a year compared with 120,000 sq metres of modern

space currently built in the city centre.

A Polish company, Wareco, has been established by the Belgian property developers to design, build and manage the Sienna development. EBRD and Generale Bank will provide Wareco with a senior loan of \$17.5m. EBRD is also providing \$2.5m subordinated loans.

# Morocco wakes up to needs of the investor

Foreign companies face fewer obstacles, writes Roula Khalaf

The SGS-Thomson semiconductor factory in Casablanca has become a stopping-off point for foreign executives contemplating investment in Morocco.

Potential investors often choose to visit the site to hear Mr Georges Auguste, the French company's managing director, tell a success story about foreign investment in Morocco.

Following the association agreement with the European Union, initiated late last year, Morocco is seeking more investment to raise stagnating industrial exports and help upgrade its industry.

Although foreign investment has jumped nearly tenfold in the last decade - led by France and much of it going into industry and banking - it was only \$470m in 1995 and has been erratic in the last few years.

The government is especially seeking large-scale industrial investment and is courting Daewoo of South Korea to establish an electronics plant in Morocco. The proposed \$200m plant would manufacture electronic goods for export and create 3,000 jobs. "It would be the most important single investment in Morocco," according to one official.

However, stifling bureaucracy, an unreliable justice system and a poorly qualified workforce are often cited as obstacles to investment, despite relatively cheap labour costs. At a time of reform - including a new investment code and commercial tribunals to settle disputes - SGS-Thomson's experience is an illustration of how setting up in Morocco can be rewarding.

The company, which now derives as much as 15 per cent of its \$2.6bn in revenues from its Morocco operation, arrived some 40 years ago - first producing radio communication equipment for the local market. Since 1980 the company has assembled and tested semi-conductors for export.

As it exports 100 per cent of its production, it enjoys duty-free status for its imported materials. Mr Auguste says proximity to Europe and an abundant workforce make Casablanca an attractive base.

But progress had not always been smooth. "Six years ago, the question was whether we should shut down," says Mr Auguste. The Casablanca factory's productivity levels fell behind Thomson factories in the Far East, forcing the company to make a choice between massive restructuring or relocating to Malaysia.

Over three years, Mr Auguste reduced his staff of 3,200 by half through severance packages and the placement of workers with other companies. Some workers were laid off, sent on a two-year training course and then rehired.

Since the end of the restructuring in 1993, SGS-Thomson has shown both the Moroccan authorities and the workers the merits of its moves.

Between 1993 and the first half of 1995, the company has ploughed \$52m back into the

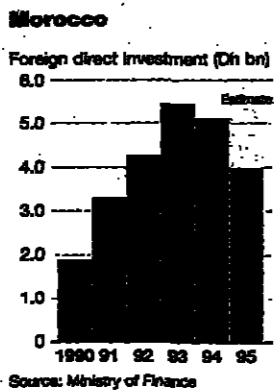
business and Mr Auguste has rehired as many people as he had made redundant. The same total number of employees are now producing three times as many semiconductors and the rate of defects is one tenth of previous levels.

"We always compare ourselves with Malaysia, which is our most efficient factory, and the workers understand that this is who they are competing against," says Mr Auguste.

Almost halfway on the road from Casablanca to Marrakesh, in the town of Settat, Mr Roberto Voltolina of Cristalstrass has a similar story.

He relates how his family moved to Morocco from Venice in 1984 to set up a crystal pendants factory, which has since become one of the world's leaders manufacturing crystal pendants for chandeliers. Nearly 40 per cent of production is exported to Gulf countries, where crystal chandeliers are popular.

The Voltolinas were attracted by two things: an investment law which allows 100 per cent foreign ownership and cheap labour costs which



are four to five times less than in Italy. Starting with 150 workers in 1984, Cristalstrass now employs 1,000 people, for whom it has provided training, and expects to make \$100m in revenues this year.

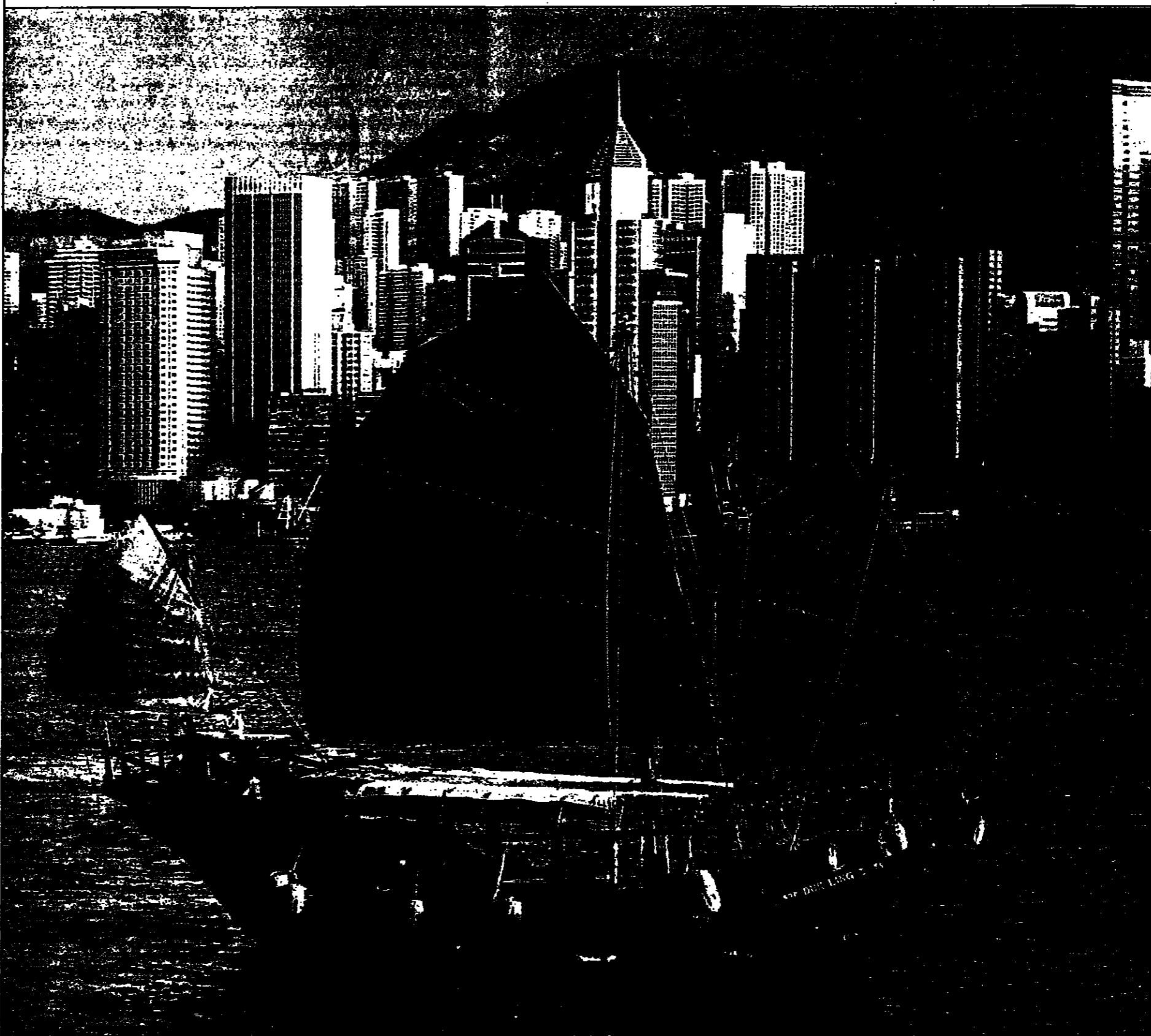
The Moroccan government put few obstacles in Cristalstrass's way. Mr Voltolina attributes this to the family's choice of headquarters in Settat. "Settat was a town that was being developed and they wanted it to work, so we found on the part of the authorities all the help and the co-operation we needed," says Mr Voltolina.

"We are now the most important factory here and had we been in Casablanca, we would have been one of many big industries and would not have received the attention we got here."

Like SGS-Thomson and Cristalstrass, new investors in Morocco will have to pay attention to the export market. Much of the foreign investment that went into Morocco in the last few years was for local production and companies were up against competition at a local level.

As trade barriers to European products come down, these companies are set to face a difficult task in gaining market share in a more competitive arena.

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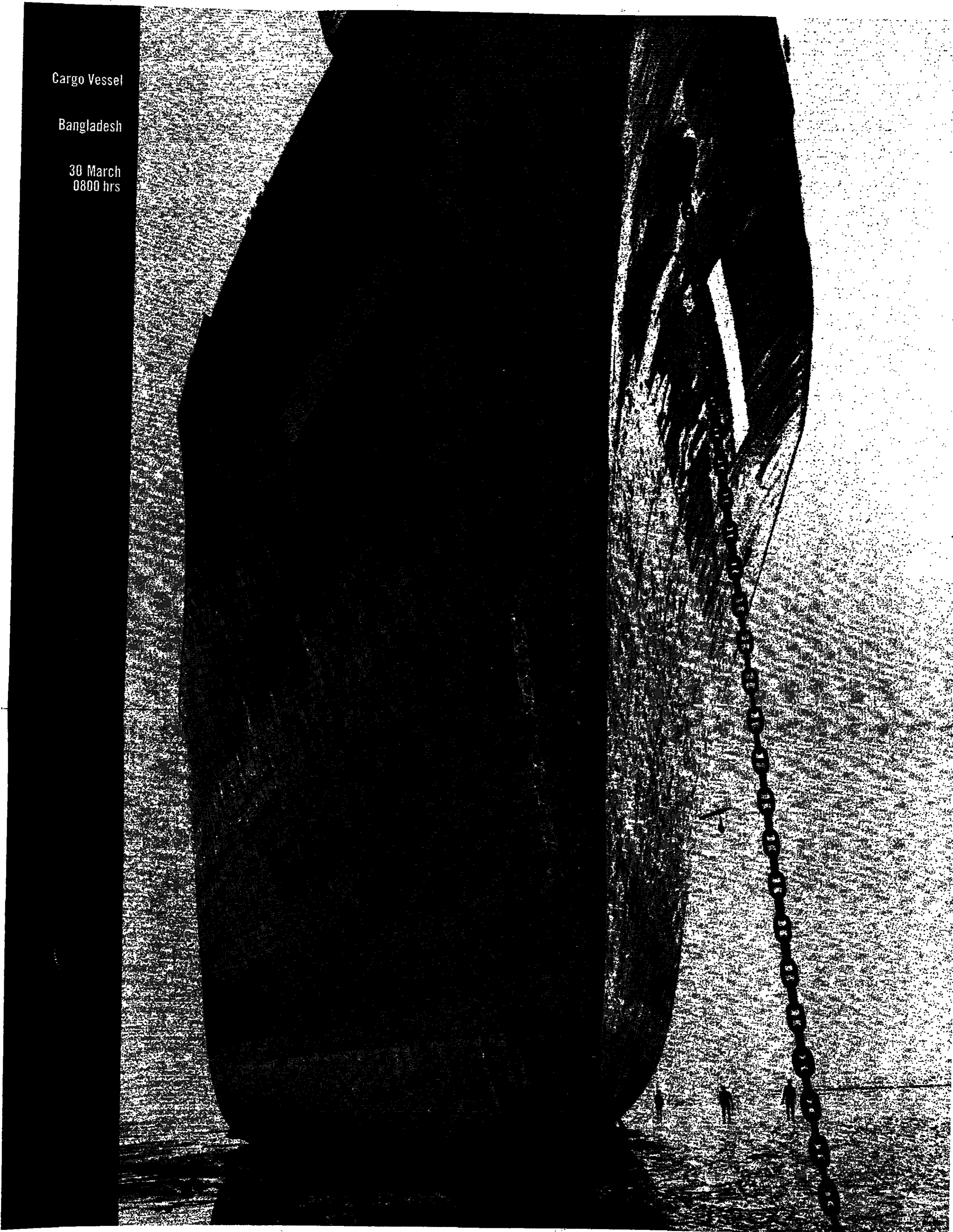
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## PARENTS, HALOS AND UMBRELLAS.

**W**hen the snake tempted Eve, he offered more than just a Golden Delicious.

Since then, his sales technique has echoed down the ages: if you want to sell something, make it different.

It's getting harder, though. As competition gets fiercer, more and more products are being turned into commodities, sold essentially on price. Individual product brands are undermined, and prices and margins suffer.

As it gets harder to make individual products different, companies turn their attention to their corporate brands. If you can distinguish your *company* from the competition, you can use its "halo" to strengthen individual *products*.

This strategy isn't for everyone. But some companies have made it work spectacularly well, particularly where the parent identity is strong – or can be made to be.

None the less, it's easier said than done. How do you build a corporate image that's distinct from the branding of individual products, but close enough to allow consumers to associate the two? And how do you prevent image problems in one product infecting others through the mechanism of the corporate brand?

**T**here are no cook-book recipes. In general, though, companies seem to find it easier when they are able to start the process with a strong parent identity. That overall umbrella image makes it easier to establish individual product brands. Because these share a common inheritance, they reinforce one another and the parent.

And if something goes wrong with one of the individual products – well, the stronger the parent identity,

the greater the chance of minimising the damage. All of which argues for steady, sustained investment in defining and promoting a parent company's identity.

The case for parent-company branding varies, of course, depending on the sort of company concerned. Consumer-product companies usually already have strong individual brands. Those involved in business-to-business selling may not have this benefit.

And the advantage of parent-company branding is greatest of all, perhaps, in services – including finance and the professions. Such businesses can benefit most from the halo effect of a strong parent image.

**T**hat's where the Financial Times comes in, offering an effective way of creating or reinforcing a parent company image in the minds of decision-makers in every country and every industry.

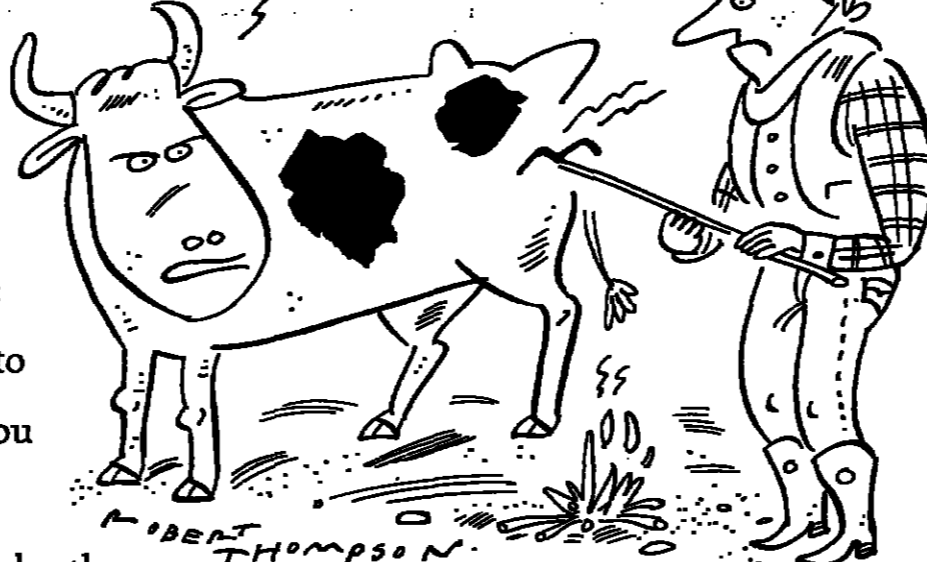
But the point of this essay isn't to plug the FT's virtues as an advertising medium, considerable though those are.

Instead, it's to offer the thought that the most effective and admired companies present a clear and consistent image of themselves in all their dealings with their business partners, with their customers, and with the public in general.

And targeted corporate advertising can play a crucial role in creating and maintaining that image.

If you have any comments on the questions this series raises, or you'd like to talk about the issues of communicating the corporate message, either write to John Makinson, Managing Director, Financial Times, at 1 Southwark Bridge, London SE1 9HL or call him on +44 171-873 3233. Fax: +44 171-873 3937. E-mail: [John.Makinson@FT.com](mailto:John.Makinson@FT.com).

FORGET THE BRANDING  
CONCENTRATE ON THE  
CORPORATE IMAGE



**Financial Times.**  
**World Business Newspaper.**

This is the fourth of a series. Tomorrow: conclusion.

### TECHNOLOGY

#### Worth Watching · Vanessa Houlder



#### Quicker route to drug development

Up to a year could be shaved off the development time of new drugs using a newly developed microengineering technique...

The members of the project, which include the Universities of Edinburgh and Aalborg...

#### New approach to fighting cancer

Many companies research cancer cures, but an approach by Antigenics, a private US company...

One tactic is to alert the body's immune defences to cancer cells by coating them with a protein...

Antigenics Tel US (312) 329 4774 Fax (312) 329 4779

#### Cheaper way to make LCDs

Sony Corporation has developed a technique for making high resolution liquid crystal displays...

The development underlines the research effort that is going into methods of making larger, cheaper and higher resolution liquid crystal displays...

The technique uses polycrystalline silicon thin film transistor technology (TFT) which has some advantages over amorphous silicon TFT technology...

Conventionally, polycrystalline silicon has been processed at temperatures over 1,000°C which has required expensive quartz substrates...

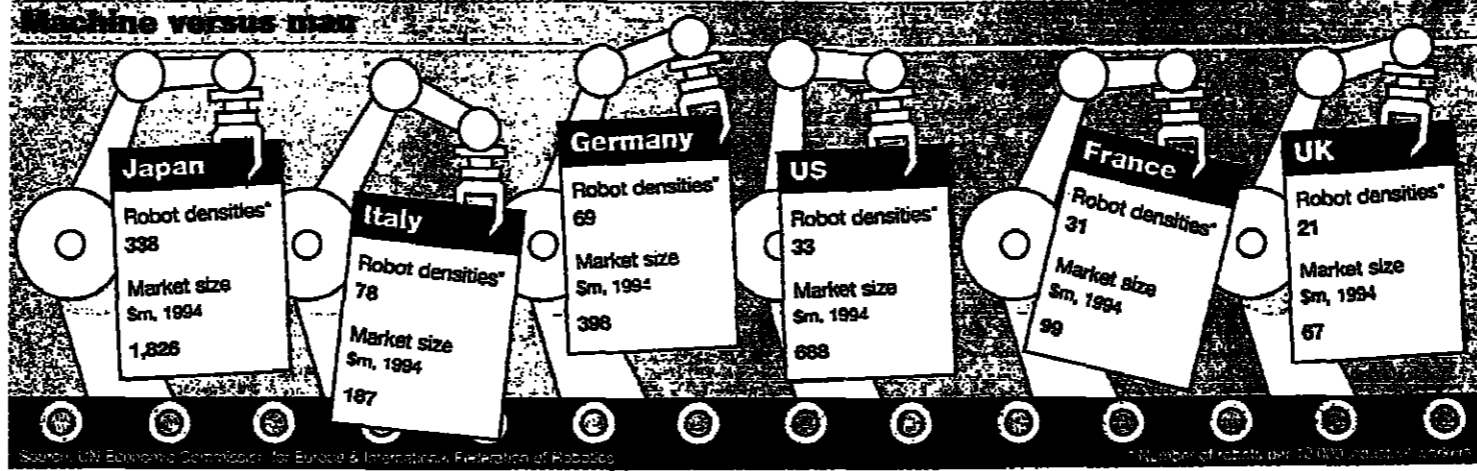
Sony UK: UK, tel (0)1932 816000; fax (0)1932 817000.

#### Third line in telephone banking

Telephone-based banking services are proving increasingly popular. But so far the technology used by these systems is relatively simple...

The EU's Esprit programme is funding research into a third approach to telephone banking technology, featuring automated speech recognition...

The 18-month long Ovid project will investigate the use of automated speech recognition, speech synthesis, tone inputs and multimedia terminals to allow customers to inquire about their bank balance...



# Robots fight for a role

Tony Jackson looks at the US industry in a continuing series



ROBOTICS AT WORK

The US robotics industry enters the latter part of the 1990s in fighting form...

A striking statistic is offered by ABB, the Swedish-Swiss engineering group which claims to be the biggest US supplier of robots...

On closer inspection, the underlying trend is less clear. The slump in Japan results from the bursting of the bubble of the late 1980s...

Similarly, today's demand for robots in the US is part of a broader surge in capital spending by US industry. This reflects a revival in confidence among US manufacturers...

The US still falls a long way behind most advanced economies in its use of robots. In 1994, the US had 33 robots installed for every 10,000 industrial workers...

The obvious question is whether

the sharp rise in US demand - up 26 per cent in both 1988 and 1989 - represents catching up...

The next question is why the US lagged behind in the first place. For Don Vincent, executive vice-president of the RIA, the chief reason is a familiar one...

"It can be tagged to management philosophy on the pay-back on investment," he says. "The style is that you need a quick return..."

#### As for applications, the chief question is how far the robot can transcend its origins in the car industry

Richard Armbrust, head of ABB's US robotics business, points to a different and perhaps more fundamental reason. "It's true that robots are a more acceptable means of manufacturing elsewhere..."

Another reason is rooted in history. The early days of robotics in the US were characterised by ill-founded optimism. "In the early and mid-1980s," Vincent says...

accuracy." Armbrust agrees. "People had some bad experiences. The component suppliers we used at that time weren't reliable enough..."

An important result of this false start was that domestic producers faded from the scene. At the start of the 1980s, Vincent says, any number of big US manufacturers were interested in robotics...

Says Armbrust: "The R&D investment required to duplicate the human arm and body is incredible. You need scale for that..."

As for applications, the chief question is how far the robot can transcend its origins in the car industry...

From Vincent's viewpoint, robots have become a commodity. The remaining US lead, he says, is in software development. "The success stories in robotics," he says, "are based on buying systems which work..."

Perhaps. But the central issue remains: that robots are a justifiable expense only when they cost less than the humans they replace. Over the past 20 years, the average hourly wage of US industrial workers has declined in real terms...

question is how far the robot can transcend its origins in the car industry. Car makers and their suppliers still account for more than half the robot market in the US. Since this is a fickle and cyclical industry, it is plainly in the interests of robot makers to diversify...

These industries, he says, have historically been characterised by high-volume runs of single products. That is now changing. As consumers become more demanding, product lines become more diverse...

Perhaps. But the central issue remains: that robots are a justifiable expense only when they cost less than the humans they replace. Over the past 20 years, the average hourly wage of US industrial workers has declined in real terms...

Meanwhile, less sophisticated systems are already in use. For instance, since 1990, BT and the UK's Royal National Institute for Deaf People have been operating Ttypetalk.

## Phones for the deaf

When Alexander Graham Bell invented the telephone in 1876 he was trying to make a hearing aid for his wife...

Researchers at British Telecommunications, and the University of Essex are working on a system that will enable deaf people to use sign language over the telephone.

The system uses a personal computer equipped with a video camera and gesture-recognition software...

A similar system was unveiled recently by Hitachi, the Japanese electronics group, involving an ambitious combination of videotelephony, speech recognition and automatic translation technologies...

The spoken words of a caller to a deaf Ttypetalk subscriber are typed by an operator. The words then appear on a special Telephone, which has a liquid crystal display screen and keyboard...

George Cole

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FINANCIAL TIMES SURVEY

Thursday, January 18, 1996

# ERITREA

## Proud, principled and impoverished

Eritrea is now encouraging the private sector and seeking foreign investment in mining, fishing and tourism, as it wages war on poverty, report Michael Holman and Michela Wrong

A librarian might seem an unlikely hero of Eritrea's 30-year war for independence. No more surprising, though, than to find energetic septuagenarians rebuilding the country's main railway line. Or to discover government ministers who shun pomp and ceremony. Not to mention a foundry where Soviet-made tanks will be turned, if not into ploughshares, at least back into steel, in a capital whose streets are safe to walk at night.

But then nothing on the African continent prepares the visitor for Eritrea, as US diplomats discovered when they returned in 1991 to Asmara, capital of about-to-be-independent Eritrea. In the city abandoned by their consular predecessors some 20 years earlier, as the Eritreans' war with Ethiopia intensified, they were astonished to find that the US Information Service (Usis) library was still fully functioning.

The same books, though somewhat worn, were on the shelves. The same card index system, with loans meticulously registered, was still in operation, and hardly a volume had gone missing. And the same librarian was still in charge. Although no longer paid by Usis, he had stuck indefatigably to his post, existing on a small stipend from the city authorities.

Proud, principled and impoverished, Eritrea is virtually without peer in Africa as it pursues its own model of development and vision of democracy. President Isaias Afewerki's People's Front for Democracy and Justice (PFDJ), having won the war against Ethiopia when the regime of Mengistu Haile Mariam collapsed in 1991, and then secured a 99 per cent

vote for independence in a UN-supervised referendum in 1993, now seeks an alliance with private capital in the battle against poverty.

"Never kneel down" is the national motto, adopted during the war years, when the near-friendless Eritrean People's Liberation Front - as the PFDJ was then known - was snubbed by the west and under constant attack by the Moscow-backed Ethiopian forces. Its peacetime slogan, however, could well be "sweat, not debt", as the government strives to retain its integrity while attempting to tap the country's considerable resources: a wide range of minerals, including the likelihood of oil under the Red Sea, huge fish stocks, and the enormous tourist opportunities provided by hundreds of white-beached, reef-protected islands and historic inland sites.

If the resolve that helped win the war is directed into rehabilitating the economy, Eritrea can hardly fail. Certainly the country deserves to succeed, emerging favourably from almost any comparison with the rest of Africa. It receives a fraction of the aid that goes to Kenya - one of the largest recipients of assistance on the continent, and whose per capita income is more than double Eritrea's - but is almost free of that country's endemic corruption. While poorer than neighbouring Ethiopia - itself one of Africa's most impoverished countries - there are none of the beggars and street urchins who pester visitors to Addis Ababa, the capital.

Like Sudan, Eritrea's 3m or so people are equally divided between Christian and Muslim. But unlike its neighbour, which is led by an extremist Islamic military regime, reli-

gious differences do not help fuel a civil war.

And when Eritrea's army won its war for independence, demobilised fighters handed in their weapons. Weapons were not sold to criminals, or stashed in expectation of further political conflict, as has happened in southern Africa. Perhaps most striking of all, there is no sign of the aid-dependent culture common to so many African states.

While relations with the World Bank and the International Monetary Fund are cordial, the use of expatriate experts and consultants is not encouraged. "The leadership has been in the countryside, they know the people, they feel their heart-beat," says Mr Haile Woldemse, finance minister. "We cannot accept that an expert comes here for a few days and dictates terms. We must be the owners of our own programme."

Non-government organisations are thin on the ground, and refused the near-autonomous status they enjoy in some African countries. Last year, the government expelled two World Food Programme (WFP) workers and two USAID officials, deemed to have stepped out of line.

The government is also determined to keep international borrowing to a minimum, although enjoying the unique position of having almost no external debt - Ethiopia assumed responsibility for all external loans when Eritrea became independent. And so when told that foreign contractors would charge \$300m-\$400m to rehabilitate the 117km railway between the Red Sea port of Massawa and Asmara, the government decided to do the job itself. Thousands of sleepers



Asmara: Eritrea's peacetime slogan could well be 'sweat, not debt' as the government strives to retain its integrity while attempting to tap the country's considerable resources

which had been dismantled and used to strengthen trenches during the war were recovered. Steam engines rusting in hangars are being painstakingly renovated, and rolling stock repaired. All this is taking place under the direction of grizzled railwaymen, trained under Eritrea's Italian colonisers, who responded with enthusiasm when summoned out of retirement.

Whether this pull-yourself-up-by-your-own-bootstraps approach to development will find favour with the foreign investors Eritrea now seeks, remains to be seen. While admirable in many respects, it is also very slow and time-consuming, and may well test the patience of investors already likely to be frustrated by the practical problems of doing business.

War left the country's economy shattered, its infrastructure devastated, and the indus-

trial base created during the Italian era in urgent need of new plant and equipment.

If tourism is to succeed, hotels must first be built or renovated. If the subsistence agriculture that currently provides a living for 90 per cent of the people is to increase productivity, and reduce Eritrea's chronic annual food deficit of some 300,000 tonnes of grain, country roads must be improved, better inputs supplied, and irrigation schemes introduced.

Yet without aid and commercial loans, albeit on rigorously scrutinised terms, it is difficult to see where the funds will come from.

Certainly, Eritrea does not have the finance. The country's main source of foreign exchange today is the \$75m or so annual inflow in the form of remittances from the half million of its citizens living abroad. (A further 500,000 still

live in Sudan, where they took refuge during the war.)

One of the constraints on borrowing will be lifted later this year, when Eritrea replaces the Ethiopian Birr with its own currency, the Naqfa. This will allow the government to control money supply, interest and foreign exchange rates, currently largely determined by the Ethiopian authorities.

On the political front, the government has successfully handled one of the most sensitive of post-war issues - the phased demobilisation of 60 per cent of the 95,000-strong army.

But a fresh challenge now has to be confronted: making the transition from what is an all-powerful one-party government, run by an 18-member executive committee chaired by Mr Afewerki, to a multi-party system.

Part of this process requires the PFDJ to disentangle its

finances from those of the state, a complex business which involves allocating everything from military weapons captured by the guerrilla army, to the assets of the Red Sea Trading Corporation, originally created by the party in the 1970s.

Agreeing that the tanks not destined for the rehabilitated foundry in Asmara, which will turn military scrap into steel, should become the property of the national army is straightforward.

Deciding on the allocation of the assets of the Corporation - and keeping its operations at arm's length from the government - will be more difficult, and many businessmen in the nascent private sector express concern about unfair competition from a state-favoured operation.

Nevertheless, there must be a danger that the PFDJ will go the route of other parties in

Africa and elsewhere: parties which once have enjoyed total power, end up ossified, unrepresentative, and autocratic.

The new constitution, currently being drafted, will guarantee freedom of the press, assembly, and competing parties. President Afewerki points out, although it is hard to detect any significant opposition to the Front.

Not that he believes its days are numbered: "If you're looking in terms of five or 10 years, you will be disappointed. Given our circumstances, the Front will continue to be dominant for several years to come."

Given Eritrea's grim legacy, its challenges are formidable. But thirty years ago most observers doubted that Eritrea would even win its war for independence. Who is to say that Eritrea will not again surprise the world as it seeks to liberate itself from poverty?

ERITREA is rising from the ashes of war and destruction, and has entered a new era of peace and tranquillity. ERITREA a small nation - is a blessing, possessing many good resources in agriculture, fisheries and mines and a coast line 1200 Km, with over 350 islands. This is adequate ground for the development of tourism and port services.

The Government of Eritrea, within the long-term perspective, sees industrial development as the correct road for the progress and prosperity of the country.

ERITREA's location at the cross-roads to Europe and the Far East, places it in a good position to access important global as well as regional markets for both inputs and outputs.

The Eritrean people are now poised for the peaceful reconstruction and development of the war battered economy. The Government of Eritrea has enacted a series of policy measures to promote both domestic and external trade. The desire to give trade prominence in the development effort emanates from the recognition that Eritrea has a strategic location which is conducive for the expansion of trade.

The objectives of its Trade Policy include: promoting economic growth and a healthy balance of payments, expanding access to sources of raw materials, technology and know-how; removing domestic market limitations for the marketing of outputs and thereby improve employment opportunities; enhancing efficiency in production and competitiveness in price and quality of commodities and services; promoting regional co-operation and economic integration, and increasing the attraction of Eritrea to direct foreign investment.

In order to achieve the above-stated objectives, the Government of ERITREA has set short and Long term Trade Policies including, among others,

liberalising and simplifying the licensing regime and reducing and eliminating both tariffs and non-tariff barriers;

fostering export based industries and services by providing assistance in international market penetration, information back up and assistance in meeting the high standards required by the international market;

encouraging participation in regional, bilateral and multilateral trade and economic co-operation and seeking access to preferential trade agreements and zones;

encouraging the private sector to play a leading role in both domestic and external markets with minimal intervention of the government and building institutional capacity

to help make Eritrea a trading nation.

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البنك الأريتري

## THE BANK OF ERITREA

From the ruins of Caserma Mussolina (Mussolini Prison), the Bank of Eritrea, the central bank of the State of Eritrea, is forging through its way to the great challenges ahead. In line with vision of the State as set in the new macroeconomic policy, to convert Eritrea into a centre of business and trade, the Bank has so far achieved the following, within the framework of liberating the economy:

### TRADE PAYMENTS

1. The requirement to declare foreign exchange holdings at point of entry or exit from Eritrea by both residents and non-residents has been removed.
2. Foreign exchange is availed easily for the importation of goods and services and the extensive negative list has almost been eliminated.
3. Export goods were subjected to rigid price controls. This practice is no more required and exporters can now retain up to 100% of sales proceeds of their goods in foreign currency accounts.
4. Importers are permitted to obtain credit from their suppliers if they can avail them better terms and conditions than the local banks. Importers are also no more required to arrange insurance for their goods with a local insurance firm.
5. All impediments for the transfer of royalty, patent rights and capital disinvestment have been removed and bureaucratic procedures simplified.
6. The goal of the Government is to attract local and foreign direct investments into Eritrean in all sectors of the Economy without discrimination. This is fully supported by the Macro-Economic policy & sectoral legislations which include globally competitive and attractive tax regimes already implemented.

### DEVELOPMENT OF THE FINANCIAL SYSTEM

The Bank has scored substantial progress in the sphere of institutional restructuring through conducting in-depth appraisal of the existing legal, regulatory and policy systems in order to identify and eliminate or scale down impediments and gaps. Evaluation of the capacity of the financial institutions and identification of their various limitations has also been concluded. Moreover intensive efforts are underway to draw a strategy for the development of a sound financial system capable to promote a sustainable and stable economic growth in Eritrea through the introduction of monetary programming techniques for the achievement of economic target in terms of inflation, balance of payment equilibrium and monetary survey analysis mechanisms which can be used to effectively monitor fluctuations in exchange rates, interest rates and inflation, in particular and for the evolution of a monetary policy, in general.

### HUMAN RESOURCE

In the light of the total neglect during the past thirty years resulting in a serious lack of trained and experienced technocrats, an intensive survey has to be conducted on the actual human resource conditions of the financial institutions which has ascertained the need for the recruitment of employees with a sound academic background for whom, together with the existing staff members, a continuous inhouse and external training programme is being implemented for the short and medium terms. The survey has further prompted for a feasibility study to be undertaken on whether or not the establishment of a Bank Training Centre is the best option in the long term. The preliminary outcome has confirmed the relevance of such an institution and more work is therefore being made on the idea.

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ARTS

Cinema/Nigel Andrews

To hell and back in the city of stars

LEAVING LAS VEGAS Mike Figgis

MUTE WITNESS Anthony Waller

DANGEROUS MINDS John H. Smith

THE UNDERNEATH Steven Soderbergh

Leaving Las Vegas is a piece of dream film-making that may sound like your worst nightmare. Having struck Las Vegas off your list of favourite cities after Showgirls, you are now invited back to watch love grow between a dying alcoholic screenwriter (Nicolas Cage) and a hooker with a heart (Elisabeth Shue).

How this film found an intelligent gap between miserabilism and sentimentality we shall never know. But Figgis finds not a gap, more a universe. A director whose last film The Exorcising Version was a holiday oddity in a career strong on love and comedy...



Strong on love and pain: Elisabeth Shue and Nicolas Cage in 'Leaving Las Vegas'

But the "in-whiches" are limitless. And none of them would mean anything if they were not symptoms of the movie's larger reality. In the city of the stars, Figgis first turns his own stars into human beings and then turns them back, pasted onto the dark cloth of his story, into luminous, unforgettable exemplars of our own struggle against the night.

British film-makers fleeing their underpowered native industry stow away on any plane they can find. While Figgis goes to Vegas to do a psychodrama, first-time writer-director Anthony Waller goes to Moscow to do a murder thriller.

Life at this Bash Street High is based on a real teacher's memoirs. However, we beg leave to doubt that author LouAnne Johnson looked like Michelle Pfeiffer, who would surely have been ravished behind the bike shed on day one.

They were clearly not going to sit around letting this Blackboard Jungle II get infected with cissy doudrama. Where Dangerous Minds thrived at the US box office and has prompted the tribute of a feature-length spoof, now being made by the Zucker brothers of Naked Gun, The Underneath collapses under the weight of its humour-free derivativeness.

Musical The new Norma Desmond

The character of faded silent-movie queen Norma Desmond is one of the greatest grotesques in cinema, and even as romanticised in Andrew Lloyd Webber and Christopher Hampton's stage musical of Sunset Boulevard she retains a serviceable set of lungs. Petula Clark, always the sweetest of 1960's female singers, would seem to be much too pleasant a choice to play such a sinister, cracked recluse. On this occasion, advance assumptions are borne out by the reality.

Opera/Richard Fairman 'Midsummer Marriage' comes of age

It was a close call which was the most unmissable operatic event of the evening. Either one could be in the audience for the Royal Opera's new production of Tippett's The Midsummer Marriage or stay at home and watch the company being taken apart in the first of BBC's fly-on-the-wall documentary series, which brings prima donnas in full cry into your living-room - and that is just the board meetings.

summer day-trippers. One carries a ghetto-blaster; another takes Polaroid snaps. Their idea of summer fashion is so grotesque, we can guess they are probably British. Those who turn up with lampers are presumably refugees from Glyndebourne (Vick does not forget his summer home easily). One and all, they are children of the age of Aquarius - so Tippett may approve.

The other half aspires to the stratosphere in artistic and philosophical terms, but at this performance it seemed reluctantly earth-bound. Cheryl Barker's vibrant Jennifer and Stephen O'Mara's rather constricted Mark coped bravely with Tippett's optimistic ideas of what a voice can manage and it was a pity that their final dust was lost behind the petals of the giant flower that finally swallowed them.

Cheryl Barker: vibrant as Jennifer



At the Adelphi Theatre, London WC2 (0171 836 7611).

INTERNATIONAL ARTS GUIDE

- AMSTERDAM: Concertgebouw Concert, Schoenberg Ensemble and Asko Ensemble.
- BERLIN: Deutsche Oper Berlin, Oegin: a choreography by John Cranko to music by Tchaikovsky.

- CLEVELAND: Cleveland Museum of Art, Isamu Noguchi: Early Abstraction.
- DRESDEN: Sächsische Staatoper Dresden, DANCE: Rot und Schwarz.

- EDINBURGH: Scottish National Portrait Gallery, The Carrick Family in Russia.
- LONDON: St Giles Cripplegate, Duke Quartet and pianist Philip Mead perform Ives.

- LONDON: St Giles Cripplegate, Duke Quartet and pianist Philip Mead perform Ives.
- PARIS: Théâtre des Champs-Élysées, La Roi Roger.

- NEW YORK: The Metropolitan Museum of Art, Juilliard String Quartet.
- PARIS: Théâtre des Champs-Élysées, La Roi Roger.

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COMMENT & ANALYSIS



Economic Viewpoint · Samuel Brittan

Fear of something worse

The big imbalances in Europe are related to the overvaluation of the D-Mark and would be even more serious if squabbling led to Emu being put on ice

The failure of the German budget deficit - perhaps by a tenth of a percentage point - to fall to the Maastricht limit of 3 per cent of gross domestic product has provided a field day for Eurosceptics.

Mr Alexandre Lamfalussy, president of the European Monetary Institute, has tried to make a quick counter-attack. He does not, he has said, see any of the traditional early warning signals of a business cycle downturn, such as a worsening of profits or rising corporate indebtedness.

Meanwhile the pile-up of writings on Economic and Monetary Union continues. One outstanding publication should not be missed. This is a paper by Christopher Taylor, EMU 2000, published by the Royal Institute of International Affairs (10 St James's Sq, London SW1Y 4LE).

area come from the possibility of asymmetric shocks - such as events like German unification or oil price upheavals, which make it more difficult to devise a single monetary policy for the whole area.

Taylor distinguishes between an optimal currency area - which is best served by a single money - and a viable one where a single money is possible but not necessarily beneficial. He doubts if the 15 EU members together (or fewer if Greece is subtracted) make an optimal or even a viable area.

But there is in his view a core of six or seven countries such as Germany, its smaller neighbours and perhaps France, that form at least a viable area. Its members are not more prone to asymmetric shocks than the states of the US, and there are not the big differences in institutions and mechanisms which distinguish, for instance, the British housing market from its continental counterparts.

The word "perhaps" before France is the biggest weakness of his study, as the author is aware. One problem is to assess how far French unemployment is structural and how far aggravated by the franc fort. Another is the lack of feel among economists of the advantages of using "one money".

Most economists agree that it would be mad to enter a currency area at a conversion rate which rendered whole swathes of national industry uncompetitive. This was the case with East Germany in 1990 and to a lesser extent with Britain when it rejoined the gold standard at pre-war parities after both the Napoleonic and the first world wars.

liberal humans can make it, are there any further losses from abjuring devaluation?

The likely behaviour of a future European money has in my view to be contrasted not with ideal textbook floating but with actual market experience. Since Italy was forced out of the exchange rate mechanism, the lira has depreciated by about 35 per cent against the D-Mark far more than any deterioration in relative cost levels.

There are perfectly good political grounds for the UK not separating itself too far from its European partners. But Taylor tries to find an economic rationale. His belief seems to be that Emu will happen and that Britain will lose more than gain by staying outside.

Germany becomes uncompetitive. Unit labour costs in manufacturing

Table with columns: Country, 1990, Oct 1993, Oct 1995. Rows include France, Germany, Italy, UK, Belgium, Netherlands, Sweden, Europe, US, Japan, South Korea, Taiwan.

of the risk premium on sterling. Then there is the damage to the City of London which could be quite substantial if one differentiates between fund managers and security houses likely to benefit from Emu and short-term dealing institutions which are unlikely to do so.

But above all he is influenced by the UK's earlier unimpressive record in maintaining price stability on its own and the fragility of the post-1992 arrangements. These "depend heavily on the will and priorities of the government of the day, as well as on the personalities of the Chancellor and Bank governor".

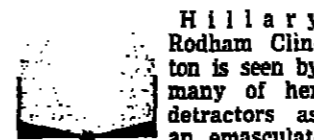
I would buy these arguments, even though they do not make as much noise as the dire warnings of Emu's opponents. But Emu will not happen without Germany. Until recently the German case for Emu was purely political.

Meanwhile, the consequences of unilateral German action to try to remove its competitive disadvantage, not just against the US and south-east Asia, but against neighbours like Italy and Sweden - and inevitable French determination not to lose out on the process - hardly bear contemplation. They make the risks and uncertainties of Emu fade by comparison.

BOOK REVIEW · Jurek Martin

IT TAKES A VILLAGE: By Hillary Rodham Clinton. Simon and Schuster, \$20.

Home thoughts of a former radical



Hillary Rodham Clinton is seen by many of her detractors as an emasculating feminist extremist intent on getting men out of their beds and boardrooms and into the nurseries and kitchens.

The First Lady is troubled, for example, by the impact of divorce on children, not to the point of calling for an end to dissolution by consent but sufficiently to recommend mandatory "cooling off" periods and more counselling for couples with children.

She dislikes abortion when it is used in effect, as a form of contraception. She has no problems with the introduction of the v-chip, which can block TV reception of violent or excessively sexual programmes, and suggests families turn off their boxes once a week and talk to each other.

So much for the radical Hillary, though these are not the main messages of her book. Its title is derived from an old African proverb - "It takes a whole village to raise a child".

the roles all might optimally play with her own personal experiences both as a long-standing advocate of the rights of children and as a parent. She is entitled to speak with authority since the product of her own sometimes troubled marriage, daughter Chelsea, appears, on available evidence, happy and well-adjusted - no mean tribute to the strength of a family living in the White-water political fishbowl.

Mrs Clinton herself comes from the sort of suburban, church-going nuclear family, with a father as the sole breadwinner, that is now often held up as a symbol of the golden age of the 1950s.

Particular passions come through strongly. The provision of childcare facilities, which she admires so much in France, is portrayed as a matter of practicality not ideology.

Sometimes she finds ideology transparently false. She contrasts Richard Nixon's official reason for vetoing a federal childcare bill in 1971 - "it would commit the vast moral authority of the national government to the side of companies which have published if she were somebody else. Yet the same might be said - but never is - of any number of former first ladies who have taken to print. The position is not a disqualification for authorship, or anything else.

"Now," she concludes, "even these measures are controversial in some quarters." And this leads her into a stout defence of government "as a partner to, not a substitute for, adult leadership and good citizenship" - an argument that her husband now uses almost daily in his budget battles.

Whatever the truth, she now casts herself in the "middle of the road" mainstream - "liberal in some areas, conservative in others, moderate in most, neither exclusively pro nor anti-government. We respect the unique power of government to meet certain social needs and acknowledge the need to limit its powers."

Her legion of unforgiving critics have taken to suggesting that the book is just another play in the re-enactment of St Hillary's career. Never before has she published if she were somebody else. Yet the same might be said - but never is - of any number of former first ladies who have taken to print. The position is not a disqualification for authorship, or anything else.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "line"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Study of fraud law problems already under way

From Mr Stephen Silber QC. In your article "Technological advances: what fraud means" (January 10), you pointed out that the UK's senior accountancy body had written to the home secretary urging him to consider setting up an independent panel to co-ordinate the fight against fraud.

dishonesty. We are doing this for a number of reasons. First there has been much criticism of the length and complexity of fraud trials: we are concerned to discover whether it might be possible to reduce the length and complexity of trials by simplifying the law, while always ensuring that the defendant is fully protected.

We are very anxious to discover from as many people as possible what they consider to be wrong with the present law. We hope to produce a series of consultation papers and then, in the light of the responses, to produce a report.

Stephen Silber, Law Commission, Conquest House, 37-38 John Street, Theobalds Road, London WC1N 2BQ, UK

Further trip to Houston is advised

From Dr Andrew Austin. Sir, I enjoyed reading Adam Hopkins' letter from Houston (Travel: "The Acropolis of Texas", December 9/10, 1995) which described his trip here last April. Since his visit the 1100 Louisiana building has been renovated, with a newly added Hibachi style top.

Germany's 'soundly-based' Emu plan

From Professor Lucio Izzo. Sir, According to Professor de Grauwe ("Why the link should be cut", January 12) convergence criteria, established by the Maastricht treaty, for public budgets are not needed for the European central bank to be able to implement a low-inflation monetary policy.

prospective primary budget surpluses. Finance of a given public deficit, together with refinancing of past accumulated deficits, requires prospective future primary surpluses that increase with the real rate of interest. The consequence is that government's debt capacity is sharply reduced if the real rate of interest gets persistently and significantly higher than the real rate of growth.

Lucio Izzo, Catholic University of Milan, via Melzi d'Eril 7, 20154 Milan, Italy

UK chancellor's reputation enhanced

From Dr John Wells. Sir, Martin Wolf ("A gamble with stability", January 16) surely errs in criticising the UK chancellor of the exchequer for resisting pressures for higher interest rates last May.

depreciation to offset UK non-price disadvantages in international trade. It will surely take many years to build the UK's counter-inflation credibility. However, such a process will not be helped if the authorities always refrain from giving the markets a lead and if their interpretation of economic events proves faulty.

John Wells, Faculty of Economics, University of Cambridge, Cambridge, CB2 3DD, UK

FT MULTIMEDIA Who will be the winners? 22 & 23 March 1996 Hotel Inter-Continental, Seoul, South Korea. Topics include: South East Asia's role in the growth of multi-media, Will Asian countries leap-frog the West and jump to the forefront of multimedia development?

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INTERNATIONAL COMPANIES AND FINANCE

Strong gains for BankAmerica and Norwest in term

By Richard Waters in New York

BankAmerica reported a 19 per cent rise in after-tax profits in the final quarter of last year...

Norwest, the Minneapolis-based institution which has become one of the most profitable regional banking groups in the US...

Results from both banks reflected trends already apparent from other US banks' figures this week...

with the year before. The result was a 6 per cent rise in net interest income...

In line with other money-centre banks, BankAmerica recorded an improvement in trading and venture capital profits...

Norwest saw its net interest margin in the quarter slip 13 basis points, to 5.6 per cent...

Caspian takes on a tough business

SsangYong has acquired a stake in the emerging market specialist

Christopher Heath, once Britain's highest paid executive and the architect of Barings' spectacular Asian success story...

His new company, the emerging markets securities specialist Caspian, has quietly begun trading in Latin American shares...

On Tuesday, Caspian announced an agreement under which South Korea's sixth largest company, SsangYong, will take a 12 per cent stake...

The accord will also enlarge the venture's capital beyond its \$50m launch capital...

Neither is Caspian the only newcomer. While mergers last year, such as ING's rescue of Barings and Swiss Bank Corporation's takeover of Warburg...

Mr Heath is, however, a long way from being the first in the field - as he was when he moved into the Japanese securities markets...



Christopher Heath: 'I didn't want to create a Barings Mark II'

to address - a common complaint from fund managers who find most current research is too regional in orientation...

Success in research and elsewhere will depend on the skills of the people who join. The setback last year in the emerging markets following the Mexican devaluation meant, he says, that good staff could be obtained more cheaply...

Some well-known figures have joined. The former deputy governor of the Bank of England, Mr Rupert Fennell...

Caspian has also recruited partners from a raft of investment banks, most of whom have taken a big initial pay cut...

Yet however good the team, success will be elusive if the emerging markets do not continue to grow...

He also says Caspian will try to distinguish its research from the reams already produced by the competition...

Stephen Fidler

Record R&D spending seen for US drug groups

US pharmaceutical companies expect to spend a record \$15.8bn in worldwide research and development in 1996...

The association said industry sales for this year would be an estimated \$95.6bn, a 10.2 per cent increase from \$87.6bn last year...

Mr Gerald Mossinghoff, the association's president, said member companies were developing 215 medicines for cancer, 107 drugs for heart disease and strokes...

Mr Heath is, however, a long way from being the first in the field - as he was when he moved into the Japanese securities markets...

Investors not yet ready for Mexican share issues

Leading companies are finding refinancing tough despite improved economic conditions, says Daniel Dombey

On the face of it, Mexico has come a long way from the financial crisis that followed the peso devaluation a little over a year ago...

Interest rates are falling, inflation is at containable rates, and government and private borrowers have raised more than \$4.5bn from international capital markets...

For the first week of 1996, the Mexican stock exchange was rated as the world's most profitable in dollar terms with an increase of 11.8 per cent...

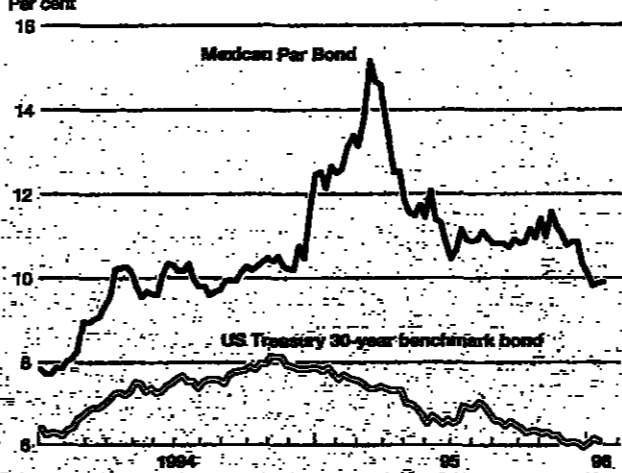
However, the partial and rather choppy return that Mexico has made to international sources of financing is far from business as usual...

Access to capital markets will be grudging this year, says Mr Robert Ranch, managing director of the Weston Group...

Equity issues, which in the early 1980s were largely taken up by international investors, are more problematic...

Equity issues, which in the early 1980s were largely taken up by international investors, are more problematic. Two other conglomerates, Grupo Alfa, a steel, petrochemical and packaged food producer...

Mexican and US bond yields compared



Source: Chase, Citicorp, West, International Bank

Pelosky, Latin American strategist at Morgan Stanley in New York...

In the meantime, access to the debt market will largely be determined by the Mexican government...

The issue last week of DM1.5bn - increased from DM1bn - of seven-year 10.375 per cent government euro-bonds satisfied German retail investors' hunger for double-digit yields...

As the economy settles down and we start delivering some growth, people will begin seeing Mexican risk improving...

ministry spokesman, who hopes that terms and maturities will continue to improve...

One danger is that an upturn in US interest rates would dampen foreign interest, as would a return to the rumour and sense of drift that characterised the Mexican market...

The Zedillo government recently appointed a presidential spokesman to try to stem the political rumours that have added to market instability...

Individual companies' ability to get new financing will also hinge on year-end earnings, due in coming weeks...

However, while interest in Mexico remains fragile and below the levels of previous years, both government and business will still find financial life something of a struggle.

Notice of Early Redemption to the Holders of Heart III Limited (the "Issuer") USD 700,000,000. Secured 8 7/8% Notes Due 2001 (the "Notes").

Notice of Early Redemption to the Holders of USD 700,000,000. 8 7/8% Subordinated Loan Participation Certificates due 2001 (the "Certificates") issued by J.P. Morgan GmbH (the "Bank").

Table with columns for Coupon, Rate, and other financial data.

ASAHI BEERWERIES, LTD. (Incorporated in Japan with Limited Liability) \$30,000,000 Floating Rate Notes 1996

RPS Residential Property Securities No.4 PLC

We are pleased to announce the election of the following officers: Philip C. Percival, Vice President; Linda A. Doherty, Stephanie Errico, Eve I. Morton, Alice M. Scherer, Assistant Vice President; Dolores M. Paolicelli-Gad, Assistant Secretary. E.M. WARBURG, PINCUS & CO., INC.

Templeton Dividend announcement. Templeton Global Strategy Sicav. Dividend announcement: Templeton Global Strategy Sicav will pay the following dividends against presentation of the respective coupon.

LOMBARD ODIER INVEST. Notice to Shareholders: To the shareholders of Lombard Odier Invest - The Pacific Basin Fund. We are pleased to inform you that your board of directors has decided to change the name of the Lombard Odier Invest - The Pacific Basin Fund to Lombard Odier Invest - The Pacific Rim Fund.

CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED. Net Asset Value. China Merchants China Direct Investments Limited announces that as at 31st December, 1995, the unaudited consolidated net asset value per share of the Company was US\$1.08.

Various small advertisements on the right margin, including 'SOMI', 'Australia groups', and 'Matsushita'.

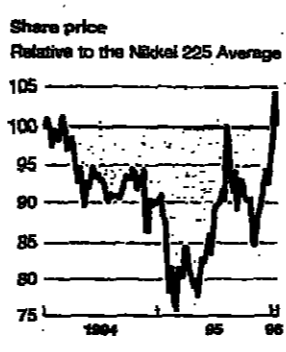
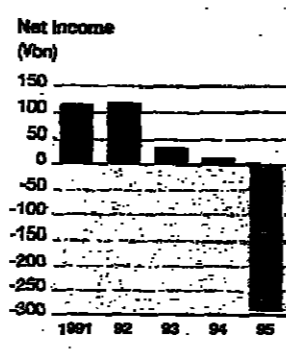
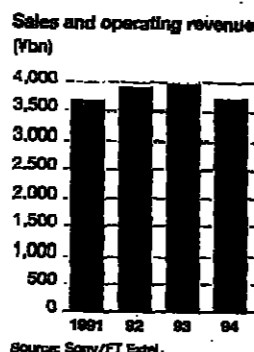
INTERNATIONAL COMPANIES AND FINANCE

Sony takes first step in pursuit of its digital dream

The consumer electronics group needed to reinvent itself to avoid being left behind by the multimedia age, reports Michiyo Nakamoto

Sony's decision to revamp its corporate structure is a fitting prelude to a second half-century in business which the company prepares to usher in this spring.

Sony



The Japanese consumer electronics company, which celebrates its 50th anniversary in May, said this week it would add two new business units to focus on information technology and communications equipment.

rather than the products that have traditionally been their forte. The conventional audiovisual products Sony makes are being pushed to the lower end of the market, so unless it can establish itself as a leader in the emerging multimedia market, the company's status within the industry and its reputation as a leading electronics company - not to mention its profits - seem certain to take a painful fall.

Walkman kid and Mr Norio Ohga, his successor as president and now chairman of the company, is a CD kid. But, says Mr Tamotsu Iba, the company's executive deputy president: "Mr Iba wants to be a digital dream kid."

Another effect of the system has been to instil a greater sense of responsibility in the top management of each company. "It has to be recognised that the company system enabled Sony to cut costs," points out



Nobuyuki Idei: courting 'digital dream kids' with culture change

ASIA-PACIFIC NEWS DIGEST

Tubemakers urges rejection of BHP bid

Independent directors of Tubemakers, the Australian engineering group which is facing a \$890m (US\$438m) bid from Broken Hill Proprietary for the 51.5 per cent of Tubemakers which it does not already own, yesterday formally recommended rejection of the offer.

JAL forecasts carriage rise

Japan Airlines said it expected the number of passengers on international flights to expand by 5 per cent to 5 per cent a year between 1996 and 2000 under its latest mid-term management plan. Passenger numbers on domestic routes were expected to expand 5 per cent a year, and cargo capacity, in terms of available tonne-kilometres, was forecast to rise 3 per cent.

Daihatsu expects sales increase

Daihatsu Motor has forecast 1996 passenger car sales up 11.7 per cent year-on-year, to 546,000 units. It expects domestic car sales to rise 14 per cent to 470,000 units in 1996, with export sales falling 0.7 per cent to 76,000. Offshore production is expected to rise 3.9 per cent to 263,000 units in 1996.

Bahrain bank earnings slip

National Bank of Bahrain, the country's biggest commercial bank, blamed higher interest rates and a difficult market environment for a 15.4 per cent drop in its 1995 net profit, to \$D10.4m (\$28.4m).

Australian gold groups in bid battle

A bid battle broke out yesterday over Gasgoyne Gold Mines, the Western Australian gold producer, after Sons of Gwalia, the expansion-minded mining group, announced plans to merge with Melbourne-based Burnine and then make an all-paper offer, said to be worth A\$152m (US\$113m), for Gasgoyne.

Further offer for Standard Chartered arm

Nava Finance and Securities, a leading Thai brokerage house, is making a further bid for the Asian securities arm of Standard Chartered Bank.

Matsushita issues five-year plan

Matsushita, the Japanese electronics group, said yesterday that it aimed to raise its overseas production to 30 per cent of the total by April 2000. Reuter reports from Tokyo. At the moment 23 per cent of its production is sited outside Japan.

The Commission d'Evaluation des Actifs de l'Etat, pursuant to a mission of the Belgian State

is organising a procedure in connection with the underwriting, placing and flotation on the Brussels Stock Exchange of 116,809 shares, or 16.62% of the capital of

S.A. DISTRIGAZ N.V.

Distrigaz supplies Belgium with natural gas. This activity is conducted within the framework of the State's energy policy and is monitored by the Control Committee on Electricity and Gas.

Background

On 24 May 1994, the Belgian State and the companies Ackemans & van Haaren S.A. and Tractebel S.A. signed an agreement whereby Ackemans & van Haaren acquired 100% of Societe Nationale d'Investissement (S.N.I.) and Tractebel acquired 50% of the capital of Distrigaz S.A.

Procedure and Timing

The procedure is divided into two stages: - During the first stage, a limited number of candidates will be selected to take part in the second stage of the process for the underwriting, placing and flotation of the 116,809 Distrigaz shares on the Brussels Stock Exchange.

Eligibility Criteria

- This invitation is addressed exclusively to Belgian credit institutions and stock brokerage firms and to credit institutions and investment firms from other EU Member States (or from the European Economic Area) which are entitled to undertake or participate in such transactions in Belgium, or to consortia exclusively composed of such institutions.

Availability of information for the First Stage

In view of the above-mentioned deadlines, interested parties will be able to consult a set of documents, from 17 January 1996, at the offices of the Bank Degroof, 44 rue de l'Industrie, 1040 Brussels.

Stage 1 proposals

In view of the expiry date of the call option, interested institutions must submit their proposal by no later than 3 pm (Belgian time) on 9 February 1996, to the State Advisory Team, c/o Bank Degroof, 44 Rue de l'Industrie, 1040 Brussels, either by registered letter or by receipted courier.

Drinks

Drinks 0891 437 153. The latest share price reports by dialling the above number from the handset or keypad on your fax machine.

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Signal. Real-time quotes. Over 90,000 issues. U.S. & intl data. For more information on Signal, call 44 171 608 6101.





COMMODITIES AND AGRICULTURE

Broker forecasts reduced cocoa supply deficit

By Richard Mooney

A fifth consecutive cocoa supply/demand deficit is likely in the 1995-96 season...

Dairying fares best as NZ farming feels the pinch

Milk producers are enjoying a record season, but beef and sheep profits are down, writes Terry Hall

New Zealand's beef and sheep farmers have endured a tough, disappointing 12 months...



Woolgrowers had hoped for a worthwhile price recovery after the dull patch of the early 1990s

Prices did rise by a third last year, but retreated between September and early December...

Beef farmers had a tough year in 1995, and 1996 does not look like being much better...

Wool prices have been better, however, with prices up slightly on this last year...

World sugar output projection raised

Global 1995-96 sugar production should reach 121.27m tonnes...

Banana growers urged to resist US 'manoeuvre'

By Canute James in Kingston

Banana farmers in the Windward Islands are being advised by their governments...

International of the US, as the company was offering better prices than the region's marketing company...

The Windward Islands Banana Development Company (WIDCO) is a region's fruit...

Strikes cut Jamaican bauxite production

By Canute James

Strikes in the Jamaica bauxite (aluminium ore) mining and refining industry last year...

contracts, cut alumina production by 215,000 tonnes...

COMMODITIES PRICES

BASE METALS

Table of commodity prices for Base Metals, including Aluminum, Lead, Zinc, and Tin, with columns for price, change, and high/low.

Precious Metals continued

Table of commodity prices for Precious Metals, including Gold and Silver, with columns for price, change, and high/low.

GRAINS AND OIL SEEDS

Table of commodity prices for Grains and Oil Seeds, including Wheat, Maize, and Soyabean Oil, with columns for price, change, and high/low.

SOFTS

Table of commodity prices for Softs, including Cocoa, Coffee, and Sugar, with columns for price, change, and high/low.

MEAT AND LIVESTOCK

Table of commodity prices for Meat and Livestock, including Live Cattle, Hogs, and Pigs, with columns for price, change, and high/low.

ENERGY

Table of commodity prices for Energy, including Crude Oil NYMEX and Heating Oil NYMEX, with columns for price, change, and high/low.

PRECIOUS METALS

Table of commodity prices for Precious Metals, including Gold and Silver, with columns for price, change, and high/low.

INDICES

Table of commodity prices for Indices, including Reuters and CBOT indices, with columns for price, change, and high/low.

AGRICULTURE

Table of commodity prices for Agriculture, including various crops and livestock, with columns for price, change, and high/low.

JOTTER PAD

Section with financial news and analysis, including market commentary and expert opinions.

CROSSWORD

Crossword puzzle grid with clues for words and phrases, including 'Fastidious but comfortable around the house'.

Financial data and news snippets, including market updates and brief news items.

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INTERNATIONAL CAPITAL MARKETS

European sector slips but rally expected to continue

By Martin Brice and Richard Lapper in London and Lisa Bransten in New York
European government bond markets slipped in the face of profit-taking yesterday, but analysts expect the recent rally to continue.

Activity in the Liffe bund pits was hectic, with more than 240,137 contracts exchanged - the highest figure for some weeks.
However, dealers said proprietary traders and locals had dominated proceedings, with relatively little buying or selling activity by institutions.

French government bonds outperformed bunds on hopes of a cut in the intervention rate after today's Bank of France council meeting, although on Matif the March 10-year future slipped 0.10 to 122.78.
The yield curve steepened, with the yield on two-year paper falling 5 basis points to 4.51 per cent, and that on 10-year paper by 3 points to 6.32 per cent.

UK government bonds were largely unmoved by earnings statistics suggesting economic growth is slowing and there is little inflationary pressure. On Liffe the March long gilt future closed at 111 1/4, down 1/4. The 10-year yield spread over Germany moved in from 163 basis points to 159.
The PSBR was £1.04bn in December while the jobsless total fell 7,900 in the same period.

Spanish government bonds underperformed bunds, with the 10-year spread moving from 347 basis points to 351 points while Italian bonds, with the spread tightening from 455 to 449 basis points.

Longer-term US Treasury prices added to Tuesday's gains early yesterday after the Federal Reserve's "Beige Book" indicated that prices were generally stable and that there was weakness in the automotive and retail sectors.

The benign inflation outlook led to a flattening of the yield curve between two-year and 30-year bonds by 5 basis points to 97 basis points. A flattening curve is generally seen as an indication that investors see slowing economic growth.

Deutsche Telekom to join DAX-30

By Antonia Sharpe
Deutsche Telekom, the German telephone company set to be privatised in the autumn, will be included in the DAX-30 share index the day after its flotation.
A German stock exchange official declined to comment on which company would be replaced, but said market capitalisation and exchange turnover would be taken into account.

Heavy issuance in Italian lire led by unusual deal for EIB

By Corrie Middeldamm
The eurobond market had another active day, with especially heavy issuance in the lira sector and several self-led bank offerings surfacing.
The European Investment Bank launched the largest and most unusual lira deal of the day, 1,560bn of 10-year zero-coupon bonds.

price, offers bullish investors an attractive opportunity to benefit from a further decline in Italian yields.
"The bonds will give leverage to people willing to bet on a very strong (Italian government bond) market," said a dealer at another bank. With an issue price of 38.56 per cent, the bonds are about 3.5 times geared.

DM Bank launched a self-issued issue of 1,300bn of 9.5 per cent, three-year bonds. "There is still good demand for short-dated lira paper among retail investors in Italy and the Benelux," said a syndicate official.
Lira bonds still offer high yields compared with most other European markets; the currency has been performing quite well lately and interest rates are expected to be cut in

Eastern Europe fund from Mercury

By Kevin Dona, East Europe Correspondent
Mercury Asset Management, Europe's largest independent fund manager, has launched its first dedicated fund for eastern Europe.

The fund, which is expected to be launched in the next few weeks, will focus on the economies of central and eastern Europe, which are emerging from recession and the process of reform is continuing to take hold.
"Believe there are some outstanding returns to be made in eastern Europe," said Mr Jürgen Kirsch, co-manager of the fund. "Whilst there are risks involved in these relatively immature markets, these are outweighed by the attractions," he added.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Amount in m, Coupon, Price, Maturity, Fees %, Spread bp, Book runner. Includes entries for US Dollars, Swiss Francs, Luxembourg Francs, Italian Lire, Australian Dollars, and ECU.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table of benchmark government bonds with columns for Country, Coupon, Price, Change, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, US Treasury, and ECU.

UK GILTS PRICES

Table of UK gilt prices with columns for Notes, Maturity, Price, Yield, High, Low. Includes Short-term, 15-year, 10-year, and Long-term gilts.

BUND FUTURES OPTIONS (LFFE) DM250,000 points of 100%

Table of bund futures options with columns for Strike, Price, Change, High, Low, Est. vol, Open int. Includes options for 10090, 10100, 10150, 10190, 11000, 11100, and 11200.

ITALY NATIONAL ITALIAN GOVT. BOND (BTP) FUTURES

Table of Italian government bond futures with columns for Open, Settle, Change, High, Low, Est. vol, Open int.

ITALY ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LFFE) 250,000 100ths of 100%

Table of Italian government bond futures options with columns for Strike, Price, Change, High, Low, Est. vol, Open int.

SPAIN NATIONAL SPANISH BOND FUTURES (METF)

Table of Spanish government bond futures with columns for Open, Settle, Price, Change, High, Low, Est. vol, Open int.

UK NATIONAL UK GILT FUTURES (LFFE) £50,000 32nds of 100%

Table of UK government bond futures with columns for Open, Settle, Price, Change, High, Low, Est. vol, Open int.

LONG TERM GERMANY BOND FUTURES (LFFE) DM250,000 100ths of 100%

Table of long term German government bond futures with columns for Open, Settle, Price, Change, High, Low, Est. vol, Open int.

EURO BOND FUTURES (METF) ECU100,000

Table of Euro bond futures with columns for Open, Settle, Price, Change, High, Low, Est. vol, Open int.

US TREASURY BOND FUTURES (CST) \$100,000 32nds of 100%

Table of US Treasury bond futures with columns for Open, Settle, Price, Change, High, Low, Est. vol, Open int.

FT-ACTUARIES FIXED INTEREST INDICES

Table of fixed interest indices with columns for Index, Yield, Duration, and other metrics.

GILT EDGED ACTIVITY INDICES

Table of gilt edged activity indices with columns for Index, Yield, and other metrics.

FT FIXED INTEREST INDICES

Table of fixed interest indices with columns for Index, Yield, and other metrics.

FT/ISMA INTERNATIONAL BOND SERVICE

Table of international bond issues with columns for Issued, Bid, Offer, Price, Yield, and other metrics.

OTHER FIXED INTEREST

Table of other fixed interest instruments with columns for Index, Yield, and other metrics.

CURRENCIES AND MONEY

MARKETS REPORT

Markets await the Bundesbank and G7 meetings

By Gillian Triggs

The foreign exchange markets were left in a state of limbo yesterday, as traders sought to discern clear trends ahead of today's Bundesbank meeting and the meeting of G7 ministers in Paris this weekend.

The main focus of interest in the markets remains the relationship between the dollar and D-Mark, with many traders still believing the dollar will strengthen in the coming weeks.

However, although the US currency strengthened during the day against the D-Mark, the rise was modest, not least because the markets are waiting to see whether the Bundesbank sets rates tomorrow.

Meanwhile, sterling remained becalmed, as the Bank of England and Chancellor met to discuss interest rates.

The main development for D-Mark waders yesterday was a cut in the repo rate by the Bundesbank.

The reduction, by 8 basis points, came one day before the key meeting of the Bundesbank council. It thus inevitably fuelled speculation that the German central bank was considering a reduction in the discount and Lombard rates today, currently at 3 per cent and 5 per cent respectively.

In recent weeks a spate of weaker than expected news has fuelled concern that the German economy is slowing.

But though most traders are confident that rates will fall soon, many suspect that a cut will be delayed until later this month, not least because the last cut occurred only five weeks ago.

Mr Neil MacKinnon, chief economist at Citibank said: "I think there is a high probability that the discount rate will fall to 2.5 per cent very soon, even if rates are not cut tomorrow."

Against this background, the D-Mark weakened slightly during the day against the dollar, closing DML466 in London trading, compared with DML475 the previous day.

The main dollar-related news of the day was that the US trade figures proved better than expected. The October trade data showed a deficit of \$8.04bn compared with \$9bn as the markets were expecting.

However, the markets largely shrugged off the data, with brief dollar rally running out of steam soon after the numbers were published.

Part of the reason for the muted trading is that traders fear that the recent shut-down of the US government means that policy makers simply do not have enough data to make judgements about the economy.

Some observers hope that the meeting will indicate international support for a stronger dollar.

Mr Chris Tinker, Treasury chief economist at Standard Chartered in London said: "We have seen a lot of recent comments from the Germans and Japanese to encourage a stronger dollar."

Indeed, with the German economy generally disappointing at present, many observers believe that there is scope for further dollar strengthening in the coming days.

Investors generally see the US economic situation as being somewhat better than the German one," Mr MacKinnon said.

Sterling yesterday traded in a fairly narrow range, although it weakened slightly in the second half of the day against the D-Mark and dollar.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Jan 17, Closing mid-point, Change on day, Bid/offer spread, Days' mid, One month, Three months, Six months, One year, Bank of England, Index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Jan 17, Closing mid-point, Change on day, Bid/offer spread, Days' mid, One month, Three months, Six months, One year, JP Morgan, Index.

CROSS RATES AND DERIVATIVES

Table with columns: Jan 17, Bid, Offer, Bid/Offer, Days' mid, One month, Three months, Six months, One year, Index.

WORLD INTEREST RATES

Table with columns: Money Rates, January 17, Over night, One month, Three months, Six months, One year, Lomb. inter., Dis. rate, Repo rate.

EURO CURRENCY INTEREST RATES

Table with columns: Jan 17, Bid, Offer, Bid/Offer, Days' mid, One month, Three months, Six months, One year.

THREE MONTH EURO CURRENCY FUTURES (LIFFE) DM1m points of 100%

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open int.

THREE MONTH EURO CURRENCY FUTURES (LIFFE) EUR1m points of 100%

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open int.

EURO CURRENCY FUTURES (LIFFE) EUR1m points of 100%

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open int.

EXCHANGE CROSS RATES

Table with columns: Jan 17, Bid, Offer, Bid/Offer, Days' mid, One month, Three months, Six months, One year, Index.

JAPANESE YEN FUTURES (MM) Yen 125 per Yen 100

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open int.

STERLING FUTURES (MM) £25,000 per £

Table with columns: Mar, Jun, Sep, Dec, Open, Settle, Change, High, Low, Est. vol, Open int.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Jan 17, Bid, Offer, Bid/Offer, Days' mid, One month, Three months, Six months, One year, Index.

MONY MONEY RATES

Table with columns: Jan 17, Over night, 7 days, One month, Three months, Six months, One year.

BASE LENDING RATES

Table with columns: Bank Name, Rate.

MEMBERS OF LONDON INVESTMENT BANKING ASSOCIATION

Table with columns: Bank Name, Address, Telephone.

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MEMBERS OF LONDON INVESTMENT BANKING ASSOCIATION

Table with columns: Bank Name, Address, Telephone.

Advertisement for FT McCarthy, featuring 'Business Information' and 'The Right Business Information' with contact details and a coupon.

Handwritten note: صكنا من الاصل

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Equipment sector (continued).

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector (continued).

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods sector (continued).

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts sector (continued).

BANKS, MERCHANT

Table listing companies in the Banks & Merchant sector.

BANKS, RETAIL

Table listing companies in the Banks & Retail sector.

BREWERS, PUBS & REST

Table listing companies in the Brewers, Pubs & Restaurants sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

BUILDING MATS, & MERCHANTS

Table listing companies in the Building Mats & Merchants sector.

DISTRIBUTORS

Table listing companies in the Distributors sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector.

ELECTRICITY

Table listing companies in the Electricity sector.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Equipment sector.

ENGINEERING

Table listing companies in the Engineering sector.

ENGINEERING, VEHICLE

Table listing companies in the Engineering, Vehicle sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

FOOD PRODUCERS

Table listing companies in the Food Producers sector.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector.

HEALTH CARE

Table listing companies in the Health Care sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

INSURANCE

Table listing companies in the Insurance sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INV TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INV TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector.

Table listing companies in the Investment Trusts sector.

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Table listing companies in the Investment Trusts Split Capital sector.

OTHER...

INVESTMENT...

LEISURE & HOTELS

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Change.

AIM - Cont.

Table listing AIM companies with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AIM

Table listing AIM companies with columns for Name, Price, and % Change.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

GRANADA INCREASED AND FINAL OFFER FOR FORTE Shareholder Helpline 0171 490 5200

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Index, a member of the Financial Times Group. Descriptions are based on those used for the FT-SE Active Share Index.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company associated with FT. Please quote the code FT2294. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under Bermuda (SIB Recognised) with columns for fund name, price, and change.

BERMUDA (REGULATED)\*\*

Table listing various offshore funds under Bermuda (Regulated) with columns for fund name, price, and change.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under Guernsey (SIB Recognised) with columns for fund name, price, and change.

GUERNSEY (REGULATED)\*\*

Table listing various offshore funds under Guernsey (Regulated) with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing various offshore funds under Ireland (SIB Recognised) with columns for fund name, price, and change.

IRELAND (REGULATED)\*\*

Table listing various offshore funds under Ireland (Regulated) with columns for fund name, price, and change.

ROYAL Bk of Canada O/S Fd Mgrs Ltd - Contd.

Table listing funds managed by Royal Bank of Canada O/S Fd Mgrs Ltd.

GUERNSEY (REGULATED)\*\*

Table listing funds managed in Guernsey (Regulated).

GUERNSEY (SIB RECOGNISED)

Table listing funds managed in Guernsey (SIB Recognised).

IRELAND (SIB RECOGNISED)

Table listing funds managed in Ireland (SIB Recognised).

IRELAND (REGULATED)\*\*

Table listing funds managed in Ireland (Regulated).

IRELAND (SIB RECOGNISED)

Table listing funds managed in Ireland (SIB Recognised).

IRELAND (REGULATED)\*\*

Table listing funds managed in Ireland (Regulated).

GAM Fund Management Ltd - Contd.

Table listing funds managed by GAM Fund Management Ltd.

GUERNSEY (REGULATED)\*\*

Table listing funds managed in Guernsey (Regulated).

GUERNSEY (SIB RECOGNISED)

Table listing funds managed in Guernsey (SIB Recognised).

IRELAND (SIB RECOGNISED)

Table listing funds managed in Ireland (SIB Recognised).

IRELAND (REGULATED)\*\*

Table listing funds managed in Ireland (Regulated).

IRELAND (SIB RECOGNISED)

Table listing funds managed in Ireland (SIB Recognised).

IRELAND (REGULATED)\*\*

Table listing funds managed in Ireland (Regulated).

IPP Interest Rate Arbitrage Fund Plc

Table listing funds managed by IPP Interest Rate Arbitrage Fund Plc.

ISLE OF MAN (REGULATED)\*\*

Table listing funds managed in Isle of Man (Regulated).

ISLE OF MAN (SIB RECOGNISED)

Table listing funds managed in Isle of Man (SIB Recognised).

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ISLE OF MAN (SIB RECOGNISED)

Table listing funds managed in Isle of Man (SIB Recognised).

Ashtonbury Global Funds Ltd (1200)

Table listing funds managed by Ashtonbury Global Funds Ltd.

ISLE OF MAN (REGULATED)\*\*

Table listing funds managed in Isle of Man (Regulated).

ISLE OF MAN (SIB RECOGNISED)

Table listing funds managed in Isle of Man (SIB Recognised).

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ISLE OF MAN (SIB RECOGNISED)

Table listing funds managed in Isle of Man (SIB Recognised).

John Cowell Management (Jersey) Ltd

Table listing funds managed by John Cowell Management (Jersey) Ltd.

ISLE OF MAN (REGULATED)\*\*

Table listing funds managed in Isle of Man (Regulated).

ISLE OF MAN (SIB RECOGNISED)

Table listing funds managed in Isle of Man (SIB Recognised).

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Table listing funds managed in Isle of Man (SIB Recognised).

Midland Ind Growth Fund SICAVP

Table listing funds managed by Midland Ind Growth Fund SICAVP.

ISLE OF MAN (REGULATED)\*\*

Table listing funds managed in Isle of Man (Regulated).

ISLE OF MAN (SIB RECOGNISED)

Table listing funds managed in Isle of Man (SIB Recognised).

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FT MANAGED FUNDS SERVICE

FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (+44 171) 873 4378 for more details.

Main table containing fund names, descriptions, and prices. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES: Please refer to the notes on the previous page regarding the FT Cyteline Unit Trust Prices...

LONDON STOCK EXCHANGE

MARKET REPORT

Equities weakened by bouts of profit-taking

By Steve Thompson, UK Stock Market Editor

An early attempt by the UK stock market to build on Tuesday's substantial gains quickly ran into pockets of resistance yesterday, with the market falling away before embarking on a moderate rally.

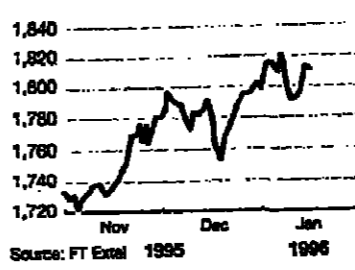
depressed by the day's events in the market. Indeed, some remained firmly on the bull tack, persisting with the view that more corporate activity will develop in coming months.

expects the UK market to rise only modestly in 1996, forecasting a year-end FT-SE 100 of 3,750.

the Dow Jones Industrial Average gave some backbone to the UK equity market at the outset, the FT-SE 100 opening just over 10 points higher and reaching the day's peak, 3,722.6, up 12 points, within a few minutes.

other substantial damage in London and the Footsie, after slipping almost 16 points at worst, recovered more than half of that by the close.

FT-SE-A All-Share Index



Indices and ratios

Table with 2 columns: Index Name and Value. Includes FT-SE 100 (3704.2), FT-SE Mid 250 (4035.6), FT-SE-A 350 (1837.9), FT-SE-A All-Share (1811.6), and FT-SE-A All-Share yield (3.76).

Equity shares traded

Turnover by volume (million). Exchange last-trading business and overseas business.



Table with 2 columns: Index Name and Value. Includes FT Ordinary index (2753.0), FT-SE-A Non Fin p/e (16.78), FT-SE 100 Fut. Mar (3726.0), 10 yr Gilt yield (4.50), and Long gilt/yield ratio (2.07).

Table with 2 columns: Sector Name and Value. Lists worst performing sectors like Gas Distribution (-1.6), Retailers (-1.8), and Leisure & Hotels (-1.0).

Scottish Power surges

Scottish Power took the high road to the top of the Footsie charts yesterday as some brokers discussed the advantages of the company ahead of a presentation today.

ScottPower is to talk about cost savings to be achieved by its acquisition of Manweb, and several analysts are poised to raise their dividend growth forecasts.

Merrill Lynch reiterated its buy stance and BZW also recommended the shares. BZW also feels the stock has a more general appeal as a hedge against a Labour victory.

Gas worries Optimism over the prospects for British Gas dissipated yesterday as the official regulator was seen to take a tough line on pricing.

headed back towards their all-time low of 236p achieved in early December, they accounted for almost half of the Footsie's slide yesterday.

But Ms Clare Spottiswoode, the regulator, was quoted yesterday as saying she would only consider reopening the contracts if British Gas were in financial difficulty.

Textiles boost Following what one analyst described as the "annus horribilis" in the sector, textile stocks showed signs of recovery yesterday.

Investment bank BZW has called the turn, moving its stance to overweight and concentrating its recommendation on Courtaulds Textiles and Sherwood.

Analyst Ms Julia Blake argued that the sector is discounting a squeeze from huge raw material cost increases, and falling retail demand.

36p, Sherwood a penny at 106p and Coats Viyella, the sector leader, 7 1/2 at 190p.

Brokers acting for Granada Group were reported to have been early buyers of Forte stock and dealers suggested that the group had picked up another 0.7 per cent to take its holding in Forte to 9.9 per cent.

Profits-takers in Forte gained the upper hand, leaving the shares 3 lighter at 377 1/2p after another busy session which brought volume of 27m.

A note from Merrill Lynch due to land on investors' desks today argues in favour of Granada, whose shares ended the session unchanged at 69p.

In spite of months of speculation, yesterday's news that Lloyds Chemists had received an approach which may lead to an offer for the company still appeared to take the market by surprise.

The shares jumped 75 to 366p following the announcement.

Shares in Tesco rose modestly early on in the session after the group reported an 8.5 per cent rise in like-for-like sales for the 20-week period to the end of December.

estly early on in the session after the group reported an 8.5 per cent rise in like-for-like sales for the 20-week period to the end of December.

However, sentiment was hit by a combination of initial fears, later denied, that Tesco may be one of the bidders for Lloyds Chemists, which yesterday said it had received a bid approach.

Investors in Kingfisher were cheered by an upbeat trading statement from the group. The shares closed 9 ahead at 536p.

Leading food retailers gave up Tuesday's gains as fears of a petrol price war swept through the market. The worries surfaced after news that two petrol giants, Shell and Esso, are to reduce their forecast prices.

One trader said the sector was "potentially explosive". The sector was helped further by some bullish research from Lehman Brothers.

children - gave a "weak signal of carcinogenicity".

Analysts said the FDA considered the drug to be safe and effective but any mention of cancer was bound to undermine its appeal.

Scottia Holdings rallied sharply at one point on reports that it has acquired a development licence for a new multiple sclerosis treatment, but it ended 3 down at 580p.

Reed International firmed a penny to 1000p. BZW issued 15m "spread" warrants, which increase in value as the spread between Reed and its Dutch Elsevier arm narrows.

ReMeda shares fell sharply on claims that its best selling drug might cause cancer.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LFFE) C25 per full index point

Table with 2 columns: Date and Price. Shows FT-SE 100 Index Futures prices for Mar, Jun, and Sep.

FT-SE MID 250 INDEX FUTURES (LFFE) C10 per full index point

Table with 2 columns: Date and Price. Shows FT-SE Mid 250 Index Futures prices for Mar and Jun.

FT-SE 100 INDEX OPTION (LFFE) (3701) C10 per full index point

Table with 2 columns: Date and Price. Shows FT-SE 100 Index Option prices for Jan, Feb, Mar, Apr, and Jun.

EURO STYLE FT-SE 100 INDEX OPTION (LFFE) C10 per full index point

Table with 2 columns: Date and Price. Shows Euro Style FT-SE 100 Index Option prices for Jan, Feb, Mar, Apr, and Jun.

MARKET REPORTERS: Peter John, Joel Kibazo.

LONDON RECENT ISSUES: EQUITIES

Table with 2 columns: Issue Name and Price. Lists recent equity issues like F.P. 25.8, F.P. 35.5, etc.

FT GOLD MINES INDEX

Table with 2 columns: Issue Name and Price. Lists gold mines index components like AngloGold, Barrick, etc.

TRADING VOLUME

Major Stocks Yesterday

Large table listing trading volume for various major stocks like BHP, AngloGold, etc., with columns for share price and volume.

Advertisement for Financial Times Actuarial Share Indices. Features a large graphic of a hand holding a newspaper with the word 'FINANCIAL' written across it. Text includes 'GUESS WHAT 300,000 INFLUENTIAL RUSSIANS GET UP TO EVERY FRIDAY.' and 'They bury themselves in the Classified Section of their Financial Zvestia.'

Large table titled 'FT-SE Actuarial Share Indices' and 'The UK Series'. It contains multiple columns of data for various industry sectors and individual stocks, including dates, prices, and changes.



WORLD STOCK MARKETS

EUROPE

Table of stock market data for Europe, including Austria, Belgium, Czech Rep, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Switzerland, and Turkey. Columns include stock names, prices, and changes.

ASIA

Table of stock market data for Asia, including Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, and Tokyo. Columns include stock names, prices, and changes.

AMERICA

Table of stock market data for America, including Australia, Canada, Mexico, and New Zealand. Columns include stock names, prices, and changes.

AFRICA

Table of stock market data for Africa, including South Africa. Columns include stock names, prices, and changes.

INDICES

Table of various stock indices including Dow Jones, Nikkei, Hang Seng, and others, with columns for index name, value, and change.

Advertisement for Rockwell Automation with the headline 'From automotive to automation, Rockwell gets your business moving' and the Rockwell logo.

PACIFIC

Table of stock market data for Pacific region, including Japan, Korea, and Taiwan. Columns include stock names, prices, and changes.

INDICES

Table of various stock indices including Dow Jones, Nikkei, Hang Seng, and others, with columns for index name, value, and change.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, and others, with columns for index name, value, and change.

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Table of US stock indices including Dow Jones, S&P 500, and others, with columns for index name, value, and change.

ASIA

Table of stock market data for Asia, including Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, and Tokyo. Columns include stock names, prices, and changes.

AFRICA

Table of stock market data for Africa, including South Africa. Columns include stock names, prices, and changes.

Small text at the bottom of the page containing publication information and contact details for the Financial Times.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'NEW YORK STOCK EXCHANGE', 'NASDAQ', and 'AMERICAN STOCK EXCHANGE'.

BE OUR GUEST! Holiday Inn MALTA Crowne Plaza MALTA. When you stay with us... with complimentary copy of the FINANCIAL TIMES.

Continuation of the stock price table from the previous page, listing various individual stocks and their market data.

Continued on next page

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Advertisement for Germany with text: 'Have your FT hand delivered in Germany. Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.'

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

AMERICA

US steady in spite of warnings on earnings

Wall Street

US share prices surprised analysts yesterday by holding steady in spite of a poor earnings report from Intel and warnings about weak profits from two bellwether companies, writes Lisa Brunsten in New York.

wave of rating downgrades from US broking houses. Intuit, the financial software maker, tumbled 6% or 11 per cent to \$54 after an analyst lowered his rating on the company to hold.

become chairman and chief executive. Shares of the carrier jumped 2% or 19 per cent to \$14 on news that the former head of United Airlines, who is known for his tough stance with unions, would take the reins.

EUROPE

Bourses respond to interest rate hopes

There was early enthusiasm in Frankfurt, where a higher dollar and a repo rate cut took the Dax index close to 2,400. It peaked at a new all-time, intraday high of 2,398.15.

over improved to FF5.5bn. There were losers: Asa fell FF8.60 to FF318.50 after announcing a FF3.9bn, one-for-seven rights issue late on Tuesday. The issue was priced at FF250 per share, with the subscription period running from January 26 to February 8.

FT-SE Actuaries Share Indices

Table with columns: Date, Index, Change, etc. for FT-SE Actuaries Share Indices.

Roche certificates finished Fr170 lower at Sfr6.70, but up from a trough of Sfr6.65, as its 1995 sales figures came in at the lower end of expectations.

Unilever made Ft11.40 to Ft21.70 as it announced that it was taking a majority stake in the Hong Kong-based Weiss group of companies. This would enable it to strengthen its industrial detergents activities in China, it said.

Mexico, Brazil little changed

Mexico City was mixed in midsession trading as investors reflected on the lower than expected rise in interest rates at the Cetes auction which was held after the close of trade on Tuesday.

gain since the beginning of the year. By mid-session the Bovespa index had retreated 37.60 to 43,096.

News of an \$18m bribery scandal, which rocked the Indian political arena, left BOMBAY 1.7 per cent lower, as speculators went short, pushing prices down. The BSE-30 index lost 52.57 to 2,952.91.

ASIA PACIFIC

Bribery scandal leaves Bombay 1.7% down

News of an \$18m bribery scandal, which rocked the Indian political arena, left BOMBAY 1.7 per cent lower, as speculators went short, pushing prices down. The BSE-30 index lost 52.57 to 2,952.91.

Roundup Solid early gains were eroded in HONG KONG, leaving the market to close lower on renewed profit-taking. The Hang Seng index slid 77.33 to 10,583.82, after an early high of 10,745.21. In turnover that dipped to HK\$6.2bn.

also dampened the mood. SYDNEY made gains early on but late profit-taking eroded the advance and the All Ordinaries index finished 5.3 up at 2,250.3, off the day's high of 2,263.0.

STOCKHOLM lifted Autoliv by SKR5 to SKR349 on news that the US Supreme Court had upheld a case against Ford Motor, and drug stocks rose with Astra A recovering SKR5 to SKR256, and Pharmacia to SKR259 on Aids treatment hopes. But a 2.5 per cent drop in forestry, and weakness in other cyclical left the Aftersvriden General index 6.8 lower at 1,713.0.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Table with columns: Market, No. of stocks, Jan. 12 1995, % Change over week, etc. for Emerging Markets.

Legal & General, the UK life assurance group, has raised its exposure to the Pacific Basin, making it 20 per cent overweight in equities in the region compared with competitor international funds, writes Michael Morgan.

Table with columns: Country, Index, Change, etc. for FT/S&P Actuaries World Indices.

TELEPIU advertisement for revolving credit and term loan facility, arranged by Banca Commerciale Italiana, Banca di Roma, etc.